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THE GRAND TRUNK PACIFIC
RAILWAY COMPANY
STATUTES.



GRAND TRUNK PACIFIC
RAILWAY COMPANY STATUTES.

Canadian Pamphlet
Collection

3 EDWARD VII.

Chap. 122.

An Act to Incorporate the Grand Trunk Pacific Railway
Company.

[Assented to 24th October, 1903.]

WHEREAS a petition has been presented praying for the incorporation of a company to construct and operate a railway and for other purposes as hereinafter set forth; and whereas the undertaking contemplated would be for the general advantage of Canada, and it is expedient to grant the prayer of the said petition: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Sir Charles Rivers Wilson, G.C.M.G., C.B., Lord Welby, G.C.B., John A. Clutton-Brock, Joseph Price, and Alfred W. Smithers, all of the city of London, England, the Honourable George A. Cox, H. M. Pellatt, and E. R. Wood, all of Toronto, the Honourable William Gibson, of Beamsville, Ontario, J. R. Booth, of Ottawa, the Honourable H. B. Rainville, Charles M. Hays, Frank W. Morse and William Wainwright, all of Montreal, and John Bell, of Belleville, together with such persons as become shareholders in the company, are incorporated under the name of "The Grand Trunk Pacific Railway Company," hereinafter called "the Company."

2. The head office of the Company shall be in the city of Montreal, or in such other place in Canada as the Company determines by by-law.

Provisional
directors.

3. The persons named in section 1 of this Act are hereby constituted provisional directors of the Company, and should any such provisional director die or resign before the first election of directors the vacancy may be filled by the remaining provisional directors.

Capital stock.

4. The capital stock of the Company shall be forty-five million dollars, divided in whole or in part into shares of one hundred dollars each, or twenty pounds sterling money of Great Britain each, as determined by the by-laws of the Company, and may be called up by the directors from time to time as they deem necessary, but no one call shall exceed ten per cent. on the shares subscribed.

May be issued in
sterling money.

2. The Company may, by by-law, enact that any portion of such capital stock shall be issued in amounts of sterling money of Great Britain, and every twenty pounds sterling of the capital stock so issued shall give the same rights as to voting as are given by a share of one hundred dollars of the said capital stock.

Preference stock.

5. The Company may, under the authority of a resolution passed by the ordinary shareholders at any annual meeting or at a special general meeting duly called for that purpose, at which meeting shareholders representing at least three-fourths in value of the subscribed stock of the Company are present or represented by proxy, issue any portion of its capital stock not exceeding twenty million dollars, or the equivalent thereof in sterling money, as preference stock, and such preference stock shall have such preference and priority as respects dividends and otherwise over ordinary stock as may be declared by the resolution.

Rights of
preference stock
holders.

2. Holders of such preference stock shall be shareholders within the meaning of this Act, and shall in all respects possess the rights and be subject to the liabilities of shareholders within the meaning of this Act; provided, however, that in respect of dividends and otherwise, they shall, as against the ordinary shareholders, be entitled to the preference and rights given by such resolution.

6. So soon as two million dollars of the capital stock have been subscribed and ten per cent. thereon has been paid into some chartered bank in Canada, the provisional directors shall call a meeting of the shareholders of the Company at the place where the head office is situate at such time as they think proper, giving the notice prescribed by section 41 of The Railway Act, at which meeting the shareholders who have paid at least ten per cent. on the amount of stock subscribed for by them shall elect from the persons qualified not less than nine nor more than fifteen directors. First general meeting.

7. The annual meeting of the shareholders shall be held on the third Tuesday in September in each year. Annual meeting.

8. At each annual meeting the shareholders assembled who have paid all calls due on their shares shall choose not less than nine nor more than fifteen persons, as may be from time to time provided by by-law of the Company, to be directors of the Company, one or more of whom may be paid officers of the Company. No person other than a shareholder entitled to vote may vote or act as a proxy at any meeting of the Company. Election of directors. Proxy holders.

9. The government of Canada may from time to time appoint a director for such period as it deems proper, as provided for in the agreement referred to in the schedule to The National Transcontinental Railway Act, who shall not hold any shares in the Company, but shall be entitled to exercise all the powers, rights and privileges of a director elected by the shareholders. Government may appoint one director.

10. The directors may annually appoint from among themselves an executive committee composed of at least three directors, for such purposes and with such duties as the directors by by-law determine; and the president shall be *ex-officio* a member of such committee. Executive committee of directors.

11. The directors of the Company elected by the shareholders may make and issue as paid-up stock, shares in the Com- Issue of paid up stock.

pany, whether subscribed for or not, and may allot and hand over in payment for plant, rolling stock, docks, elevators, wharfs, warehouses, vessels, or materials of any kind, or as consideration for rights, powers and privileges acquired and also for the bona fide claims of contractors and engineers, such an amount of such common stock as shall be a fair and bona fide value for the property purchased, or for the rights, powers and privileges acquired, or services rendered, 'as aforesaid, other than promotion services, due regard being had to the then market value of the stock; and such issue and allotment of stock shall be binding on the Company, and such stock shall not be assessable for calls.

Line of railway
described.

12. The Company may lay out, construct and operate a railway of the gauge of four feet eight and one-half inches from a point at or near the city of Moncton, in the province of New Brunswick, through the central portion of the said province, and through the province of Quebec, to a point at or near the city of Quebec, thence in a north-westerly and westerly direction to a point on the boundary line between the provinces of Quebec and Ontario within fifty miles of Lake Abitibi; thence in a north-westerly and westerly direction passing to the north of Lake Nepigon, in the province of Ontario, to a point at or near the city of Winnipeg; thence westerly and north-westerly, passing through or near Battleford, Edmonton and Dunvegan, or by such other more feasible route as is hereafter located, but following in a general direction that herein indicated, and by way of either the Peace River pass, or the Pine River pass, or such other pass in the Rocky Mountains as is found most convenient and practicable, to Port Simpson or Bute Inlet, or such other port on the Pacific coast between the said points as is considered more accessible and better adapted for the purposes of the Company; and also a branch line from the main line southerly to a point at or near either North Bay or Nipissing Junction, and branch lines from points on the main line to a point on the Montreal and Western Railway or to the city of Montreal and to Port Arthur, Fort William, or any other Canadian port on Lake Superior approved by the

Branch lines.

Governor-in-Council, Brandon, Regina, Prince Albert and Calgary respectively; and also a branch line from some point in British Columbia to Dawson in the Yukon Territory; and the Company may, for the purpose of constructing its main line of railway, divide it into five sections, to be known as:—

(a) "Eastern Section," to extend from the eastern terminus to a point at or near the city of Quebec. Eastern section.

(b) "Quebec Section," to extend from a point at or near the city of Quebec to the boundary line between the provinces of Quebec and Ontario. Quebec section.

(c) "Woodland Section," to extend from the last mentioned point to the city of Winnipeg. Woodland section.

(d) "Prairie Section," to extend from the city of Winnipeg to a point at or near the eastern limit of the Rocky Mountains. Prairie section.

(e) "Mountain Section," to extend from the last mentioned point to the Pacific coast. Mountain section.

And the said main line of railway and branches, together with such other branch lines, and any extensions of the said main line of railway, as are hereafter constructed or acquired by the Company, shall constitute the line of railway to be called the Grand Trunk Pacific Railway:

Provided always that before the construction of any portion of the "Prairie Section" in the North-West Territories is commenced, the location thereof shall be subject to the approval of the Governor-in-Council, having regard to the principle that, except for the purpose of reaching proposed common points, or for other satisfactory reasons, such location shall, as far as practicable, be so made that such main line of railway shall be constructed at such distance, generally not less than thirty miles, from any other main line of railway running in the same direction, already constructed, or located by plans sanctioned by the Minister of Railways and Canals prior to the passing of this Act, as the Governor-in-Council may deem reasonable: Provido: as to Prairie section.

Provided also that should the Government of Canada undertake the construction of a line of railway from the city of Winnipeg to the city of Moncton, and the Company not exer- Provido: as to branch lines from line built by Government.

cise the powers hereby conferred upon it in respect to the construction of the eastern section, the Quebec section and the Woodland section, the Company shall nevertheless have power to build branch lines from points on the line of railway so to be constructed by the Government to a point at or near North Bay, Nipissing Junction or Gravenhurst, and to Port Arthur, Fort William or any other Canadian port on Lake Superior approved by the Governor-in-Council respectively, and also to a point on the Montreal and Western Railway or to the City of Montreal, also to build a branch line from the main line at a point at or near Chipman to St. John, or to acquire any existing branch line which may serve the same purpose; and all the powers by this Act conferred upon the Company with respect to branch lines authorized to be constructed from its main line of railway to the said points respectively shall fully and in all respects apply to branch lines constructed to such points from the said line of railway to be constructed by the Government.

Bond issue.

13. The Company may issue bonds, debentures or other securities to the extent of thirty thousand dollars per mile upon the "Eastern Section," thirty thousand dollars per mile upon the "Quebec Section," thirty thousand dollars per mile upon the "Woodland Section," twenty thousand dollars per mile upon the "Prairie Section" and fifty thousand dollars per mile upon the "Mountain Section" of the Grand Trunk Pacific Railway, and also upon any branch lines to the extent per mile authorized to be issued upon that section of the railway within which such branch line joins the main line; and such bonds, debentures or other securities may be issued only in proportion to the length of railway constructed, or under contract to be constructed, or separately in respect of each of the said sections or of certain sections combined, or on the whole line of railway: and the Company may issue such bonds, debentures or other such securities in one or more separate series, and limit the security for any series to such of the franchises, property, assets, rents and revenues of the Company, present or future, or both, as are described in the mortgage made to a trustee or trustees to secure such separate series of bonds, debentures

tures, or other securities; and every such limited series of such bonds, debentures, or other securities, if so issued, shall, subject to the provisions contained in section 94 of The Railway Act, form a first charge upon, and be limited to the particular portion, section or sections of the railway, and to the franchises, property, assets, rents and revenues of the Company with respect to which they are issued and which shall be described in the mortgage made to secure the same; and all the provisions of section 93 to 97, both inclusive, of the Railway Act, not inconsistent with this Act, shall apply to the bonds, debentures or other securities so to be issued.

14. The Company may, for the purposes of its business, build, purchase, hire, or otherwise acquire, charter, own, control and operate steam and other vessels for the carriage of passengers, mails and cargo, on any lakes, rivers or other navigable waters within the limits of Canada, or between ports in Canada and ports beyond Canada, as is found expedient; and may enter into agreements with owners of such vessels for any of such purposes; and may purchase grain and other freight for cargo, and sell or otherwise dispose thereof, and of such vessels; and may generally carry on the business of shipowners and carriers by water in connection with its undertaking; and may take and hold, either in the name of the Company, or in the name of some person as trustee for the Company, and dispose of, shares in any incorporated company having for one of its objects the exercise of any of the powers by this section conferred upon the Company; and any such incorporated company whose shares are held by the Company under the powers conferred by this section shall become subject to the jurisdiction of the Governor in Council or to any Railway Commission which may be established, so far as the provisions of any Railway Act in force shall apply to such incorporated company.

Vessels.

Freight.

Shares in other companies.

15 The Company may, in the operation of its steamship business, and subject to the jurisdiction of the Governor in Council or of any Railway Commission which may be established,—

Power to make charges in steamship business.

Charges for
storage, etc.

Recovery of
charges

Sale of property
on non-payment
of charges.

Power to hold
lands, wharfs,
warehouses,
buildings, etc.

(a) charge on all property placed with it, or in its custody, such fair remuneration as may be fixed by the directors, for storage, warehousing, wharfage, dockage, cooperage, or any other care or labour in or about any such property on the part of the Company over and above the regular freight and primage upon any such property carried, or contracted to be, or intended to be, carried by it.

(b) recover all charges and moneys paid or assumed by it subject to which goods come into its possession, and, without any formal transfer, shall have the same lien for the amount thereof upon such goods as the persons to whom such charges were originally due had upon such goods while in their possession, and the Company shall be subrogated by such payment to the rights and remedies of such persons for such charges;

(c) on non-payment of freight advances and other charges due upon goods or property in its possession or under its control, sell at public auction the goods whereupon such advances and other charges have been made, and retain the proceeds, or so much thereof as is due to the Company, together with the cost and expenses incurred in and about such sale, and shall return the surplus (if any) to the owner of such goods or property; but before any such sale takes place thirty days' notice of the time and place thereof and of the amount of the charges or moneys payable to the Company in respect of such goods or property shall be given by registered letter, transmitted through the post office to the last known address of the owner of any such goods or property, except in the case of perishable goods or effects which may be sold after the expiration of one week, or sooner, if necessary, unless otherwise provided in the contract between the parties.

16. The Company may purchase, lease or otherwise acquire, hold, enjoy and manage, as well in Canada as in such other places as it may deem expedient for the purposes of the Company, and either in the name of the Company or in the name of a trustee or trustees for the Company, such lands, water lots, wharfs, docks, dock yards, slips, warehouses, elevators, offices and other buildings as it finds necessary and convenient for its purposes; and may construct any of such works or buildings and sell or other-

wise dispose thereof for the purposes of the Company; and may carry on the business of warehousemen and wharfingers, and charge wharfage and other dues for the use of any such property; and may take and hold, either in the name of the Company or in the name of some person as trustee for the Company, and dispose of shares in any incorporated company having for one of its objects the exercise of any of the powers by this section conferred upon the Company, and may enter into any agreements with any such company respecting the use of any of the property of such company.

Wharfage.

Shares in other companies.

2. If the Company cannot agree with the owner for the purchase of any property in Canada required for wharfs, docks, dock yards, slips or elevators to be used in connection with the railway, it may cause a map or plan and book of reference to be made of such property, and all the provisions of sections 107 to 111, inclusive, of The Railway Act shall apply to the subject matter of this subsection and to the obtaining of such property and determining the compensation payable therefor.

Expropriation of land for wharfs, etc.

1888, c. 29.

17. The Company may, for the purposes of its railway and steamships and in connection with its business : —

Power to own hotels and restaurants.

(a) build, purchase, lease or otherwise acquire, manage or control, at such points or places along its railway or any branch thereof, or at any ports or places of call of any of its steamships such buildings as it deems advisable for hotels and restaurants; and may purchase, lease and hold the land necessary for such purposes; and may carry on business in connection therewith, and afford such facilities as may tend to the comfort and convenience of the travelling public; and may let any such building for such purposes; and may acquire, hold and dispose of shares in any incorporated company having for one of its objects the exercise of any of the powers by this section conferred upon the Company, and enter into agreements with any such company respecting any of such building, lands, facilities or business;

(b) purchase, lease and hold lands required for, and lay out, establish and manage parks and pleasure grounds, and give a

Parks.

lease thereof to, or contract with, any person for the use thereof upon such terms as the Company deems expedient.

Bond issue on property other than railway.

Amount limited.

Mortgages to secure bonds.

Provisions in mortgages.

Power to bind tolls and revenues of property other than railway.

18. The Company, having been first authorized by a resolution passed at any annual meeting, or at a special general meeting of the shareholders duly called for that purpose, may from time to time issue bonds or debentures for the construction or acquisition of any vessels, or other properties, or works of any kind, other than the railway, which the Company is authorized to acquire or operate, but such bonds and debentures shall not exceed in amount the value of such vessels, properties and works.

19. For the purpose of securing each issue of such bonds or debentures the Company may execute a mortgage or mortgages, not contrary to law or inconsistent with the provisions of this Act, in such form, and containing such provisions and stipulations, as are approved of by the resolution mentioned in the next preceding section.

2. Each of such mortgages shall be made to a trustee or trustees to be appointed for that purpose at the said meeting, and may contain provisions determining the amount secured upon the vessels or class of vessels or upon any other properties, or works other than the railway to which it relates, the rank and priority of the bonds or debentures intended to be secured thereby, the rights and remedies to be enjoyed by the respective holders of such bonds or debentures, the mode of assuring the application of the proceeds of such bonds or debentures to the purposes for which they are to be issued, the rate of interest thereon, the place and time of payment of the principal and interest, the creation of a sinking fund for the redemption of the said bonds and debentures, and all the conditions, provisions and restrictions requisite for the effectual carrying out of the terms of the mortgage and for the protection of the holders of such bonds or debentures.

3. The Company may charge and bind the tolls and revenues of the vessels or class of vessels or properties or works other than the railway to which any such mortgage relates, and

the whole or any part of any subsidy to be earned in connection therewith, in the manner and to the extent therein specified; and each such mortgage shall create absolutely a first lien and incumbrance upon the vessels or class of vessels or properties, or works, other than the railway, therein described, as well as on the tolls, revenues and subsidies therein hypothecated, the whole being for the benefit of the holders of the bonds or debentures in respect of which such mortgage is made.

4. Each issue of bonds or debentures intended to be secured by any of the mortgages referred to in this section, shall entitle the holders of any of the bonds belonging to each such issue to rank *pari passu*, with all other holders of bonds of the same issue, and a duplicate of each such mortgage shall be filed in the office of the Secretary of State of Canada.

Ranking of bond holders.

20. Any bonds, debentures or other securities authorized by this Act may be issued in whole or in part in the denomination of dollars or of pounds sterling, and may be made payable, both as to principal and interest, in Canada, the United States or Europe; and the whole or any of such bonds, debentures or other securities may be pledged, negotiated or sold upon such conditions and at such price as the directors from time to time deem advantageous and in the interest of the Company.

Bonds and debentures.

Denomination of issue.

Negotiability.

21. The Company, being first authorized as by section 18 provided, may also issue mortgage bonds, to be called "Land Grant Bonds," to the extent of two dollars per acre, upon any land owned by the Company other than lands required for the purposes of its undertaking; and when so issued such bonds shall constitute a first mortgage upon such lands, and any such mortgage may be evidenced by a deed or deeds of mortgage made to a trustee or trustees appointed for that purpose at the meeting of shareholders authorizing it; and the said mortgage shall confer upon the trustee or trustees named therein, and upon the holders of the bonds secured thereby, such remedies, authorities, powers and privileges, and may contain such provisions and conditions, as are not contrary to law or inconsistent

Land grant bonds.

ent with the provisions of this Act or of any agreement entered into between the Company and the grantor of such lands.

Telegraph and
telephone lines
along railway.

22. The Company may construct, maintain, control and operate telegraph and telephone lines upon and along its railway and branches; and may establish offices for and undertake the transmission of messages for the public by any of its lines, and collect tolls therefor; and for any of the said purposes may enter into agreements with any other company, or may lease the Company's lines or any portion thereof, and may connect its lines with the lines of any companies having authority to operate telegraph or telephone lines, and may enter into arrangements with any such companies for the exchange and transmission of messages or for the working in whole or in part of the lines of the Company.

Lines to connect
with other
telegraph and
telephone lines.

2. The Company may also construct, maintain and operate any other lines of telegraph and telephone, not exceeding one hundred miles in length in any one case, from any point on the lines constructed or to be constructed along the line of the Grand Trunk Pacific Railway, to connect such lines with any other lines of telegraph or telephone in Canada; and may also construct, maintain and operate telegraph and telephone lines from its western terminus or termini to any point on Vancouver Island, and for this purpose may lay submarine lines of telegraph and telephone between such points.

Submarine lines.

Rates to be
approved.

3. No rates or charges shall be demanded or taken from any person for the transmission of any message by telegraph or telephone, or for leasing or using the telegraphs or telephones of the Company, until such rates or charges have been approved of by the Governor-in-Council, and such rates and charges shall be subject to revision, from time to time, by the Governor-in-Council.

R. S. C. c. 132.

4. *The Electric Telegraph Companies Act* shall apply to the telegraphic business of the Company.

Powers,

Development of
lands, water
powers, etc.

23. The Company may :—

(a) Acquire, utilize and develop such lands, water powers, rights, easements and privileges in the vicinity of its railway or

branches, and construct, maintain and operate such dams, re-
servoirs, buildings and works as are deemed advisable for the
generation, transmission and distribution of electricity for
light, heat, power or any other purpose in connection with its
railway, vessels and other properties and works, and for the
purpose of supplying water for the use of its railway, vessels
and other properties and works; and may supply, sell or other-
wise dispose of any surplus water, electricity, electric or other
power so developed or generated and not required for the pur-
poses of the Company; and may take, hold and dispose of
shares in, and enter into agreements with, any company incor-
porated for any of the purposes aforesaid.

Construction of
dams and buildings
for electricity.

Shares in other
companies.

(b) Take, hold and dispose of shares in any incorporated
company authorized to acquire, develop, work and dispose of
mines, minerals, mining rights, timber and timber lands, in the
vicinity of its railway or branch lines or to crush, smelt, reduce,
amalgamate or otherwise treat and dispose of the ores and pro-
ducts of any such mines, or to engage in general mining and
lumbering operations upon such lands, or in the manufacture
and sale of the products thereof.

Shares in mining
companies.

24. The Company may, for the purposes of its business, ac-
quire by lease, purchase or otherwise, and use and dispose of,
any rights in letters patent, franchises and patent rights.

Patent rights.

25. The Company may grant or lease to any person the
right to erect on lands belonging to the Company, warehouses,
elevators, hotels, mills, manufacturing establishments or other
buildings or works for the purpose of giving greater facilities
to the public in doing business with the Company; and the
buildings or works so erected shall not be bound by, or be sub-
ject to, any mortgage or lien on the property of the Company
without the written consent of the owner of such buildings or
works.

Power to grant
right to erect
buildings, etc., on
Company's land.

26. The Company may construct, acquire and operate rope-
ways, for the transportation of ores and other freight, and also
tramways, not exceeding ten miles in length in any one case, to

Tramways for
transport of ore
and freight.

**Expropriation
powers.**

or from any point on its railway or any branch thereof in the province of British Columbia, and shall have all such powers for the expropriation of land requisite for the convenient construction and operation of such works as are given by *The Railway Act* to railway companies for railway purposes; but the powers conferred upon the Company by this section shall

Approval of plans.

not be exercised until a plan showing the route of the ropeways or tramways proposed to be constructed have been duly filed with the Department of Railways and Canals, and approved by the Railway Committee of the Privy Council, or such authority, tribunal or commission as is designated or constituted under any Act of the Parliament of Canada for the regulation or control of railways; and no such tramway or other way shall be constructed upon or along any street, highway or other public place within the limits of any municipality until the Company has first obtained the consent of such municipality, within which such street, highway or other public place is situate.

**Consent of
municipalities.****Notice of
application for
approval**

2. Before such approval is given, notice of the application therefor shall be given in writing to every other railway company operating a railway in the said locality, and the said notice shall be published in *The Canada Gazette* for at least one month previous to the time named in the notice for the making of such application, and such notice shall state that all persons interested may appear and be heard on such application.

Aid to settlers.

27. The Company may, for the purpose of promoting the settlement and cultivation of any lands served by its railway or branch lines, enter into agreements with actual or intending settlers, and for this purpose may aid such settlers by making advances, which may be secured upon such lands, or otherwise, and may construct and operate, or aid in, or subscribe towards the construction, maintenance and improvement of, roads, viaducts, aqueducts, ditches, flumes, saw and grist mills, and other similar works.

**Lease and running
powers over other
railways.**

28. The Company may enter into a lease of, or acquire running powers over or the right to work the line of, or

enter into working arrangements with, any other railway company in Canada, or the Government of Canada, which has been or is hereafter empowered by the Parliament of Canada to make or grant the same to or with the Company, or may acquire by purchase the whole or any part of the railway and appurtenances of any other company so empowered to sell the same to the Company; and any agreement, lease or conveyance made or entered into in pursuance of this enactment may be for such periods, for such price, and upon such terms and conditions, as are from time to time agreed upon by the boards of directors of the respective companies, and shall be as valid and effectual as if it had been set out and specially authorized and confirmed by this Act; provided, however, that every such transaction shall be subject to the approval of two-thirds of the votes of the shareholders of the Company present or represented by proxy at an annual meeting or at a special general meeting duly called for that purpose, and thereafter the Company may acquire and hold shares, bonds or other securities of such other companies.

Approval of
shareholders.

29. The Company may enter into an agreement with the Grand Trunk Railway Company of Canada or any other company in Canada, so empowered, for conveying or leasing to such company the railway of the Company, in whole or in part, or any rights or powers acquired under this Act, as also the franchises, surveys, plans, works, plant, material, machinery and other property to it belonging, or for an amalgamation with such company, upon such terms and conditions and subject to such restrictions as are agreed upon between the directors of the companies parties to such agreements; provided that such agreement shall not take effect until it has first been approved of by two-thirds of the votes of the shareholders present or represented by proxy at any annual meeting or at a special general meeting of the shareholders duly called for the purpose of considering it,—at which meeting shareholders representing at least two-thirds in value of the stock are present or represented by proxy,—and that such agreement has also received the sanction of the Governor in Council.

Agreement
with another
Company.

Approval of
shareholders and
Governor in
Council.

2. Such sanction shall not be signified until after notice of the proposed application therefor has been published in

Notice of
application for
sanction.

the manner and for the time set forth in section 239 of *The Railway Act* and also for a like period in one newspaper in each of the counties or electoral districts through which the railway of the Company runs and in which a newspaper is published.

Agreement to be
filed with Secretary
of State.

3. A duplicate of the Agreement referred to in subsection 1 of this section shall, within thirty days of its execution, be filed in the office of the Secretary of State of Canada, and notice thereof shall be given by the Company in *The Canada Gazette*, and the production of *The Canada Gazette* containing such notice shall be prima facie evidence of the requirements of this section having been complied with.

Agreements with
Government of
Canada as to
National
Transcontinental
Railway, etc.

30. The Company shall also have all the powers necessary to take over, assume and carry into effect an agreement entered into on behalf of the Company set forth in the schedule to the National Transcontinental Railway Act, and, in connection therewith, may enter into any lease, agreement, mortgage, or other contracts or deed, and execute and perform all the terms and provisions of the said agreement, and may enter into any other agreement with the Government of Canada which the said Government is, or may hereafter be, authorized to enter into with the Company.

Agreement with
Government as to
railway from
Moncton to
Winnipeg.

31. The directors of the Company may enter into an agreement or agreements with the Government of Canada, or with Commissioners authorized to enter into such agreements on behalf of the Government of Canada, respecting the construction and operation of a line of railway, or any portion thereof, to be the property of the Government, between the City of Moncton, in the Province of New Brunswick, and the City of Winnipeg, in the Province of Manitoba; provided, however, that such agreement shall not take effect until it has first been approved of by a majority of the votes of the shareholders of the Company, present or represented by proxy at any annual meeting or at a special general meeting of the shareholders duly called for the purpose of considering it.

32. The Company may, in addition to the powers hereinbefore contained, acquire, hold, guarantee, pledge and dispose of stock, bonds or other securities of any company other than a railway company, upon such terms as are specified in a by-law passed by the directors for that purpose and sanctioned by a vote of not less than two-thirds in value of the shareholders present or represented by proxy and voting at any annual meeting or at a special general meeting of the Company duly called for the purpose of considering the said by-law, and such by-law shall also be subject to the approval of the Governor in Council.

Power to acquire stock in other companies.

33. The Company may, if deemed expedient, so construct or arrange any bridge required for its railway, as to make it suitable for the passage of horses, vehicles and foot passengers and for general traffic purposes, and may construct and maintain all necessary approaches thereto and works in connection therewith, and shall in such case have a right to charge such tolls for use thereof as are approved of by the Governor-in-Council, and such tolls shall be subject to revision from time to time by the Governor-in-Council; and a notice showing the tolls authorized to be charged shall at all times be posted up in a conspicuous place on the said bridges.

Bridges may be arranged for general purposes.

Tolls.

2. The provisions of paragraph (f) of section 192a of *The Railway Act* shall not apply to any bridge constructed for such purposes.

1899, c. 37, s. 3, not to apply.

3. The Company may unite with, or enter into any agreement with any other company, corporation or person, for the construction or maintenance of any such bridge and the approaches thereto, as a joint work, or for the joint working, control, management and use thereof.

Agreement for joint working of bridge.

34. The Company may, for the benefit and on account of the Company, sell and convey any lands or other property not required for the purposes of the Company, and, with the consent or approval of the trustee or trustees holders of any mortgage forming a charge on the said lands or property, may apply the proceeds arising from such sale as the Company deems expedient; and any lands or other property so sold shall,

Sale of property not required by Company.

on payment in full to the Company of the purchase money therefor, and on the delivery of a conveyance thereof duly executed by the Company, be vested in the purchaser thereof freed and discharged from all mortgages and charges of any nature by this Act or by the Company created.

Time for
construction
limited.

35. If the construction of the railway is not commenced, and three million dollars is not expended thereon, within two years after the passing of this Act, or if the railway is not finished and put in operation within seven years after the passing of this Act, the powers conferred upon the Company by Parliament shall cease and be null and void as respects so much of the railway as then remains uncompleted.

4 EDWARD VII.

Chapter

An Act respecting the Grand Trunk Pacific Railway Company.

[Assented to July 18th, 1904.]

WHEREAS the Grand Trunk Pacific Railway Company ^{Preamble.} has by its petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the said petition: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. The agreement bearing date the twenty-ninth day of July, one thousand nine hundred and three, a copy of which forms the schedule to the National Transcontinental Railway Act, and the supplemental agreement between His Majesty, represented by the Honourable H. R. Emmerson, Minister of Railways and Canals, and the Grand Trunk Pacific Railway Company (hereinafter called "the Company"), bearing date the eighteenth day of February, one thousand nine hundred and four, a copy of which forms the schedule to the Act of the Parliament of Canada, passed at the present session thereof and intituled "An Act to amend the National Transcontinental Railway Act," and the execution of the said two agreements respectively, is hereby confirmed and declared to be valid, subject to the provisions of the said Acts. ^{Confirmation of two agreements.}

2. Section 6 of chapter 122 of the statutes of 1903 is ^{1903, c. 122, s. 6 amended.} amended by striking out the words "two millions" in the first line thereof and substituting therefor the words "one million," and by striking out the word "ten" in the second line thereof and substituting therefor the word "twenty."

3. Section 11 of the said chapter is repealed, and the following is substituted therefor:— ^{New section 11.}

"11. The directors of the Company elected by the shareholders may make and issue as paid-up stock, shares ^{Issue of paid-up stock.}

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of the common stock of the Company, whether subscribed for or not, and may allot and hand over in payment for plant, rolling stock, docks, elevators, wharfs, warehouses, vessels, or materials of any kind, or as considerations for rights, powers, guarantees and privileges acquired, or services rendered, other than promotion services, and also for the bona fide claims of contractors and engineers, such an amount of such common stock as is a fair and bona fide value for the property purchased, or for the rights, powers, guarantees and privileges acquired, or services rendered as aforesaid, due regard being had to the then market value of the stock; and such issue and allotment of stock shall be binding on the Company, and such stock shall not be assessable for calls."

Powers to carry
out agreements.

4. The Company shall have all the powers necessary to take over and assume and carry into effect the agreements referred to in section 1 of this Act, and in connection therewith may enter into any lease, agreement, mortgage or other contract or deed, and execute and perform all the terms and provisions of the said agreements; and the directors of the Company may also enter in any other agreement with the Government of Canada which the said Government is or may hereafter be authorized to enter into with the Company, and from time to time, and as often as they deem it necessary or expedient, may also enter into any agreement with the Grand Trunk Railway Company of Canada for the purpose of carrying into effect the provisions of the said agreements mentioned in section 1 of this Act, or for any other purpose in connection therewith.

Section 30 repealed.

5. Section 30 of the said chapter is repealed.

New section 35.

6. Section 35 of the said chapter is repealed, and the following is substituted therefor:—

Time for
construction
limited.

"35. If the construction of the railway is not commenced within two years after the passing of this Act, or if the railway is not finished and put into operation on or before the first day of December, one thousand nine hundred and eleven, the powers conferred upon the Company by Parliament shall cease and be null and void as respects so much of the railway as then remains uncompleted."

3 EDWARD VII.

Chap. 71.

An Act respecting the construction of a National Transcontinental Railway.

[Assented to 24th October, 1903.]

WHEREAS, by reason of the growth in population Preamble. and the rapid development in the productiveness and trade of Canada and especially of the western part thereof, and with a view to the opening up of new territory available for settlement, both in the Eastern Provinces and in the West, and the affording of transportation facilities for such territory, and for other reasons, the necessity has arisen for the construction of a National Transcontinental Railway, to be operated as a common railway highway across the Dominion of Canada, from ocean to ocean and wholly within Canadian territory; and whereas an agreement has been entered into, bearing date the 29th day of July, 1903, between His Majesty The King, of the first part, and Sir Charles Rivers Wilson, G.C.M.G., C.B., and others, representing therein and acting on behalf of the Grand Trunk Pacific Railway Company, a company incorporated by an Act of the Parliament of Canada passed at the present session thereof, of the second part, making provision for the construction and operation of such a railway; and whereas it is expedient that Parliament should ratify and confirm the said agreement, and should grant authority for the construction in manner hereinafter provided of the Eastern Division of the said railway between the City of Moncton, in the Province of New Brunswick, and the City of Winnipeg, in the Province of Manitoba: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. This Act may be cited as *The National Transcontinental Railway Act*. Short title.

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Agreement in
schedule confirmed.

2. The agreement, a copy of which forms the schedule to this Act, (hereinafter called "the Agreement") is hereby ratified and confirmed and declared to be legally binding upon His Majesty and the Grand Trunk Pacific Railway Company, (hereinafter called the Company), subject to the provisions of this Act; and His Majesty and the Company are hereby authorized and empowered to do whatever is necessary in order to give full effect to the agreement and to the provisions of this Act.

Validity of
mortgages.

3. The mortgages to be given by the Company pursuant to the provisions of the Agreement shall, when so given, be valid and operative according to their respective terms as provided by the Agreement.

Form of securities,
&c.

4. The form of the bonds or other securities to be guaranteed by the Government pursuant to the Agreement, and of the respective mortgages securing them, and the form and manner of the guarantees to be given, shall be subject to the approval of the Governor in Council.

Signature of
guarantee.

5. The said guarantee may be signed by the Minister of Finance and Receiver General, or by such officer as is from time to time designated by the Governor in Council to sign it; and when the guarantee is so signed the Government shall be liable as guarantors for the payment of the principal and the interest of the bonds so guaranteed, according to the terms of such guarantee; and the payment thereof shall form a charge on the Consolidated Revenue Fund of Canada.

Rights of
Government as to
securities.

6. Any moneys paid by the Government of Canada whether for principal or interest, under any of the guarantees hereby authorized (except moneys paid by the Government for interest which according to the terms of the Agreement, the Government has agreed itself to pay), shall be deemed to be paid in discharge of the liability of the Government, but not in discharge of the liability of the Company, under the bonds or securities so guaranteed, or under the mortgage or mortgages securing them, and all said moneys so paid (subject to the exception aforesaid) shall be deemed to be still secured by the said bonds or

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securities and mortgages, and the Government in respect thereof shall be subrogated in and to all the rights of the holders of the said bonds, interest upon, or the principal of which, has been so paid by the Government; and the Government in respect of all moneys so paid (subject to the exception aforesaid) and the interest thereon shall be in all respects in the position of, and shall be entitled to all the rights and remedies of bondholders in respect of whose bonds default has been made; subject, however, to the restrictions and provisions contained in the proviso and exception to clause 32 of the Agreement in respect of the interest moneys mentioned therein.

7. The Grand Trunk Railway Company of Canada may, subject to the provisions of the Agreement, acquire, hold, guarantee, pledge and dispose of stock, bonds, debentures or other securities of the Grand Trunk Pacific Railway Company, upon such terms as are specified in a resolution to that effect passed by the directors of the Company and sanctioned by a majority of the votes of the persons present or represented by proxy entitled to vote and voting at any annual meeting or at a special general meeting of the Company duly called for the purpose of considering the said resolution, notice of the intention to submit it having been duly given; and the certificate in writing of the chairman of such meeting, stating that such sanction was so obtained, shall be taken as sufficient evidence in all courts that the said resolution was sanctioned as by this section required.

Grand Trunk
Railway Co. may
hold securities.

Sanction required.

2. Notwithstanding anything in this Act or in the Agreement contained, His Majesty the King, acting in respect of the Dominion of Canada, shall not be bound or obliged to perform, carry out or fulfil any of the covenants, undertakings, conditions or stipulations in the Agreement contained on behalf of His Majesty, acting as aforesaid, unless and until the Grand Trunk Railway Company of Canada covenants and agrees as follows with His Majesty, acting as aforesaid:—

Agreement by
Grand Trunk
Railway Co.

(a) That it will guarantee the bonds of the Grand Trunk Pacific Railway Company for the balance required for the complete construction of the Western Division in

To guarantee
second series of
bonds.

the Agreement mentioned as provided in clause 34 of the Agreement;

To hold \$24,000,000
common stock.

(b) That it will acquire and take the common stock of the Grand Trunk Pacific Railway Company to the amount or not less than \$24,000,000, as in clause 27 of the Agreement provided.

How long such
stock shall be held.

3. The Grand Trunk Railway Company of Canada shall hold the said common stock to the amount aforesaid so acquired and taken as aforesaid during the entire term of the lease mentioned in clause 20 of the Agreement, and so long as any of the bonds guaranteed by the Government under the terms of the Agreement remain outstanding and unpaid; and no pledge, transfer or conveyance of any part of the said stock during the said period shall be valid or effectual.

Not transferable.

Eastern division to
be built by
Government.

8. The Eastern Division of the said Transcontinental Railway extending from the City of Moncton to the City of Winnipeg, shall be constructed by or for the Government in the manner hereinafter provided and subject to the terms and provisions of the Agreement.

Commissioners.

9. The construction of the Eastern Division and the operation thereof until completed and leased to the Company pursuant to the provisions of the Agreement shall be under the charge and control of three commissioners, to be appointed by the Governor in Council, who shall hold office during pleasure, and who, and whose successors in office, shall be a body corporate under the name of "The Commissioners of the Transcontinental Railway" and are hereinafter called "The Commissioners."

Chairman.

2. The Governor in Council may, from time to time, designate one of the Commissioners to be the chairman of the Commissioners.

Secretary and chief
engineer.

10. The Governor in Council may appoint a secretary to the Commissioners, who shall hold office during pleasure, and may also appoint a chief engineer for the Eastern Division, who shall hold office during pleasure, and who, under the instructions of the Commissioners and subject to the provisions of the Agreement, shall have the general

superintendence of the construction of the Eastern Division.

11. The Commissioners may appoint and employ such engineers (under the chief engineer), and such surveyors and other officers, and also such servants, agents and workmen, as in their discretion they deem necessary and proper for the execution of the powers and duties vested in them under this Act.

Other employees and workmen

12. Any officer or employee appointed by the Commissioners who, by virtue of his office or employment, is entrusted with the custody or control of moneys, shall give security in the manner and form, so far as may be, provided by the Act respecting public officers, and in such amount as is fixed by the Commissioners.

Security by employees entrusted with money

13. The Commissioners may enter upon and take possession of any lands required for the purposes of the Eastern Division, and they shall lay off such lands by metes and bounds, and deposit of record a description and plan thereof in the office for the registry of deeds, or the Land Titles Office for the county or registration district in which such lands respectively are situate; and such deposit shall act as a dedication to the public of such lands, which shall thereupon be vested in the Crown, saving always the lawful claim to compensation of any person interested therein.

Expropriation of lands.

2. If the lands so required are public lands under the control of the Government of the Province in which they are situate, a description and plan thereof shall also be deposited in the department of the provincial government charged with the administration of such lands.

When provincial crown lands are taken.

14. The Governor in Council may set apart for the purposes of the Eastern Division so much of any public lands of Canada as is shown by the report of the chief engineer to be required for the roadbed thereof, or for convenient or necessary sidings, yards, stations and other purposes for use in connection therewith, and the registration in the office for the registry of deeds, or the Land Titles Office for the county or registration district in which such

Public lands required for railway.

lands respectively are situate, of a certified copy of the Order in Council setting the same apart shall operate as a dedication of the said lands for the purposes of the Eastern Division.

Powers of
commissioners.

15. The Commissioners shall have in respect to the Eastern Division, in addition to all the rights and powers conferred by this Act, all the rights, powers, remedies and immunities conferred upon a railway company under *The Railway Act* and amendments thereto, or under any General Railway Act for the time being in force, and the said Act and amendments thereto, or such General Railway Act, in so far as they are applicable to the said railway, and in so far as they are not inconsistent with or contrary to the provisions of this Act, shall be taken and held to be incorporated in this Act.

Tenders for
construction.

16. The Commissioners shall let the work of constructing the Eastern Division by tender and contract after the plans and specifications therefor have been duly advertised, and they shall accept the lowest tender put in by a contractor who, in the judgment of the Commissioners, is possessed of sufficient skill, experience and resources to carry on the work or such portion thereof as he has tendered for: Provided always that no contract under this section involving an expenditure of ten thousand dollars or upwards shall be concluded by the Commissioners until it has been sanctioned by the Governor in Council.

Sanction of
Governor in
Council if contract
over \$10,000.

Security for
performance
of contract.

17. The contracts to be so entered into shall be guarded by such securities, and contain such provisions for retaining a portion of the contract moneys, to be held as a reserve fund for such periods of time, and on such conditions, as appear to be necessary for the protection of the public and for securing the due performance of such contracts respectively.

Payment upon
certificate of
chief engineer.

18. No money shall be paid to any contractor until the chief engineer has certified that the work for or on account of which it is claimed has been duly executed and that such money is due and payable, nor until such certificate has been approved by the Commissioners.

19. No member of the House of Commons shall hold or be appointed to any office of emolument under the Commissioners, or shall be a party to or concerned or interested in any contract with the Commissioners for the construction or working of any part of the Eastern Division, or any contract with the said Grand Trunk Pacific Railway Company for the construction or working of any part of the Western Division of the said Transcontinental Railway, or shall be a shareholder in any incorporated company having any such contract.

Member of House of Commons not to hold office of emolument under Commission, or be interested in contract

2. Any member of the House of Commons who accepts any such office, or is a party to or concerned or interested in any such contract as aforesaid, or is a shareholder in any such incorporated company having a contract as aforesaid, shall incur the disqualifications and be subject to the penalties prescribed by sections 11 and 12 of the Act respecting the Senate and House of Commons; and any person holding any such office, or being a party to or concerned or interested in any such contract, or being a shareholder as aforesaid, shall be ineligible as a member of the House of Commons.

R.S.C. c. 11

3. No member of the Senate shall hold or be appointed to any office of emolument under the Commissioners, and subject to the penalties prescribed by section 18 of the Act respecting the Senate and House of Commons in respect of the matters therein prohibited, no member of the Senate shall be a party to or concerned or interested in any such contract as aforesaid, or be a shareholder in any such incorporated company having a contract as aforesaid.

As to Senators.

4. Provided that upon the completion of the Western Division according to the terms of the Agreement, and upon its being duly opened for traffic, the provisions of this section with respect to contracts with the Grand Trunk Pacific Railway Company shall cease to be in force.

proviso: duration of this section.

20. The Governor in Council shall, in the first instance, fix the salary or compensation of the Commissioners, the secretary and the chief engineer, and may require that the salaries and emoluments of any or all officials or servants appointed by the Commissioners shall be subject to the approval of the Governor in Council.

Salaries of commissioners and employees

Power to
suspend work.

21. The Governor in Council may at any time suspend the progress of the work upon the Eastern Division until the next session of Parliament.

Advances to
commissioners

22. The Minister of Finance and Receiver General may, on the recommendation of the Minister of Railway and Canals, from time to time pay such claims and account for work done or services performed in the construction of the Eastern Division as have been approved by the Commissioners and certified by the chairman: Provided however, that no money shall be so paid until a sufficient appropriation has been made by Parliament for the purpose.

Loans authorized

23. The Governor in Council may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by any Act of Parliament heretofore passed, raise by way of loan such sum or sums of money as are required for the purpose of making any payment on account of the said work as provided by the next preceding section.

Loans subject to
R.S.C., c. 20.

24. The sum or sums of money by this Act authorized to be raised by way of loan shall be so raised in accordance with and under the provisions of that portion of chapter 20 of the Revised Statutes of Canada relating to the public debt and the raising of loans authorized by Parliament: and the sums so raised shall form part of the Consolidated Revenue Fund of Canada: Provided always that the rate of interest to be paid on any loan to be raised under this Act shall not exceed three and one-half per cent per annum.

Interest limited
to 3½ per cent.

Issue of
debentures.

25. The Commissioners shall from time to time, as moneys are required for payment for work or services in the construction of the Eastern Division, issue and deposit with the Minister of Finance and Receiver General a debenture of the Commissioners in an amount sufficient to cover such payments, which debentures shall bear date the day on which it is issued and shall be repayable in fifty years from the first day of July, 1903, and in the meantime shall bear interest at the rate of three per cent per annum.

payable half-yearly on the first days of January and July in each year.

26. The debentures so issued shall be in such form as the Governor in Council approves, and the Commissioners may issue them as provided by the next preceding section; and such debentures when issued, and the interest thereon, shall be a first lien and charge upon the Eastern Division, and upon all revenue and income derivable therefrom by the Government or by the Commissioners, after payment of all necessary charges by the Government or by the Commissioners for the maintenance or running thereof: Provided always that nothing herein shall make the Commissioners personally liable for the payment of the principal or interest of any such debentures.

Debentures to be first charge on Eastern Division.

Commissioners not personally liable.

27. The Commissioners may, with the approval of the Governor in Council, construct as part of the said Eastern Division, subject to all the provisions of this Act, such telegraph and telephone lines upon the Eastern Division from the City of Moncton to the City of Winnipeg as are reasonably required for the operation of the Eastern Division in connection with the said Transcontinental Railway; and the Government may agree with the Company, subject to such terms and conditions as the Governor in Council approves, that upon the completion of the Eastern Division the Company shall have the right to use such telegraph and telephone lines for the purposes only of the operation of the Eastern Division in connection with the Transcontinental Railway for the period of fifty years: Provided, however, that it shall be a term of any such agreement that, for the purposes of the lease of the Eastern Division to the Company, the cost of construction of such telegraph and telephone lines shall be added to and included in the "cost of construction" within the meaning of clause 15 of the Agreement.

Telegraph and telephone lines on Eastern Division.

2. Notwithstanding anything in this Act or in the Agreement, any revenue which the Company at any time directly or indirectly receives or becomes entitled to through or by reason of the use of such telegraph or telephone lines for commercial purposes shall form part of the revenues and earnings of the Company for the purposes of

As to revenue therefrom.

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this Act and of the Agreement,—the whole subject to the approval of the Governor in Council as to the rates to be charged.

Accounts to be rendered by commissioners.

28. The Commissioners shall furnish to the Minister of Railways and Canals monthly, or more frequently if required by the Governor in Council, accounts of all receipts, expenditures, and liabilities under this Act.

Books to be kept.

29. The Commissioners shall cause books to be provided and kept, and true and regular accounts to be entered therein, of all sums of money received and paid, and of the several purposes for which the same were received and paid, which books shall at all times be open to the inspection of any of the Commissioners and of the Minister of Railways and Canals, and of any person appointed by the Commissioners or the said Minister or by the Governor in Council or by the Auditor General for that purpose; and any of the persons aforesaid may take copies of, or extracts from, the said books.

Annual report by commissioners.

30. The Commissioners shall make to the Governor in Council, through the Minister of Railways and Canals, an annual report for the information of Parliament setting forth the receipts and expenditures of the year, and such other matters as appear to them to be of public interest in relation to the said railway, or as the Governor in Council directs.

To be laid before Parliament.

2. Every such annual report shall be submitted to each House of Parliament within fifteen days after the making thereof, or within fifteen days after the commencement of the next session of Parliament, whichever first happens.

Audit of accounts.

31. The accounts of the Commissioners in respect of receipts and expenditures shall be subject to examination and audit by the Auditor General in the same manner as is provided by *The Consolidated Revenue and Audit Act* with respect to the accounts of the appropriation of the several supply grants comprised in the Appropriation Acts passed by Parliament.

32. It shall not be necessary in order to preserve the priority, lien, charge, mortgage or privilege purporting to appertain to, or be created by, any bond or debenture or other security issued, or any mortgage executed, under the provisions of this Act or of the Agreement, that such bond, debenture or other security or such mortgage shall be registered in any manner or in any place; but every such mortgage shall be deposited in the office of the Secretary of State, of which deposit notice shall be given in the *Canada Gazette*; and a copy of such mortgage, certified to be a true copy by the Secretary of State, or the Under Secretary of State, shall be received as prima facie evidence of the original in all courts of justice, without proof of the signatures or seal upon such original.

Securities and mortgages need not be registered

Mortgages to be deposited with Secretary of State.

Certified copies

33. Nothing in this Act shall be construed to entitle any person to exemption from the payment of customs duties on any goods imported into Canada; and it is hereby declared that the expression "direct importations of material or supplies by the Government," in clause 17 of the Agreement has reference only to such importations by the Government for the purpose of betterments of the Eastern Division for which money is expended by the Government upon capital account under clause 16 of the Agreement. Material or supplies otherwise required for or entering into the construction or betterment of the said railway were not intended to be, and shall not be, exempt from the customs duties ordinarily payable upon imported material or supplies of the same class; and the customs duties thereon when they are imported shall be included in estimating the cost of construction or the capital of construction account under the Agreement.

Customs duties on imported materials.

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SCHEDULE.

THIS AGREEMENT made the twenty-ninth day of July,
1903,

BETWEEN

HIS MAJESTY THE KING, acting in respect of the Dominion of Canada, and herein represented and acting by the Honourable William S. Fielding, Acting Minister of Railways and Canals,

Of the First Part;

AND

SIR CHARLES RIVERS WILSON, C.B.; G.C.M.G.; THE RIGHT HONOURABLE LORD WELBY, G.C.B.; JOHN A. CLUTTON-BROCK, JOSEPH PRICE, ALFRED W. SMITHERS, all of the City of London, England; CHARLES M. HAYS, FRANK W. MORSE and WILLIAM WAINWRIGHT, all of the City of Montreal, in the Dominion of Canada, and JOHN BELL, of the City of Belleville, in the said Dominion, representing herein and acting on behalf of the Grand Trunk Pacific Railway Company, a company to be incorporated by Act of the Parliament of Canada at the present session thereof,

Of the Second Part.

WHEREAS, having regard to the growth of population and the rapid development of the production and trade of Manitoba and the North-West Territories, and to the great area of fertile and productive land in all the provinces and territories as yet without railway facilities, and to the rapidly expanding trade and commerce of the Dominion, it is in the interest of Canada that a line of railway, designed to secure the most direct and economical interchange of traffic between Eastern Canada and the provinces and territories west of the great lakes, to open up and develop the northern zone of the

Dominion, to promote the internal and foreign trade of Canada, and to develop commerce through Canadian ports, should be constructed and operated as a common railway highway across the Dominion, from ocean to ocean, and wholly within Canadian territory.

THEREFORE THIS AGREEMENT WITNESSETH that the said parties have CONTRACTED AND AGREED with each other as follows :—

Interpretation.

"Government."

"Company."

Railway to be
built from
Moncton to
the Pacific.

Eastern Division :
Moncton to
Winnipeg.

Western Division :
Winnipeg to the
Pacific.

Wholly in
Canada.

1. His Majesty the King, acting in respect of the Dominion of Canada, by and through His Excellency, the Governor-General in Council, is hereinafter called the "Government," and the said Grand Trunk Pacific Railway Company is hereinafter called the "Company."

2. A through line of railway, of the gauge of four feet eight and one-half inches, comprising two divisions, to be called the "Eastern Division" and the "Western Division," respectively, shall be constructed, in the manner hereinafter mentioned, between the city of Moncton, in the province of New Brunswick, and the navigable waters of the Pacific Ocean, at or near Port Simpson or some other port in British Columbia, as may be agreed upon. The Eastern Division shall comprise the portion of the said railway to be constructed from its eastern terminus, through the central part of the province of New Brunswick and through the province of Quebec, by the shortest available line to the city of Quebec; then westerly through the northern part of the provinces of Ontario and Quebec, and through the province of Manitoba to the city of Winnipeg; and the Western Division shall comprise the portion of the said railway between the said city of Winnipeg, or some point on the said Eastern Division, and the Pacific Ocean, extending westerly through the province of Manitoba, the North-West Territories and the province of British Columbia.

3. The said line of railway shall be constructed wholly upon Canadian territory.

4. The said Western Division is further, for convenient reference, considered as being divided into two sections, one extending from the eastern terminus thereof westerly to the eastern limit of the Rocky Mountains (herein designated as the "Prairie Section"), and the other extending westerly from the said eastern limit of the Rocky Mountains to the western terminus of the said Division (herein designated as the "Mountain Section"). The said eastern limit of the Rocky Mountains shall be established after the location of the line, and after actual surveys have determined the profile thereof upon such location, and shall be fixed and agreed upon by the chief engineer of the Company and the chief engineer of the Government as the result of such surveys, having regard to the physical features of the country, and to the cost of construction, and endeavouring as fairly as possible to determine where the more easy and less expensive work characteristic of prairie construction comes to an end, and the more difficult and expensive work characteristic of mountain construction begins, and, in case the said engineers shall differ, the question shall be determined by the said engineers and a third arbitrator, to be chosen by them, and, in the event of their inability to agree on a third arbitrator, the Chief Justice of the Supreme Court of Canada may appoint the said third arbitrator, and the decision of the majority shall be final.

Western Division
divided into two
sections.

Prairie section.

Mountain section.

Eastern limit of
Rocky Mountains
to be established.

5. The said Eastern Division shall be constructed by, and at the expense of, the Government, upon such location and according to such plans and specifications as it shall determine, having due regard to directness, easy gradients and favourable curves.

Eastern Division
to be built by
Government.

6. The Company agrees to construct, maintain and operate the said Western Division, and to take a lease of, maintain and operate the said Eastern Division, upon the terms and conditions and in the manner hereinafter set forth.

Western Division
to be built, and
whole line to be
operated by
Company.

7. In order to insure, for the protection of the Company as lessees of the Eastern Division of the said railway, the economical

Eastern Division
to be built under
joint supervision
of Government
and Company.

ical construction thereof in such a manner that it can be
ated to the best advantage, it is hereby agreed that the sp
ications for the construction of the Eastern Division shall be
submitted to, and approved of by, the Company before the
commencement of the work, and that the said work shall be
done according to the said specifications and shall be subject to
the joint supervision, inspection and acceptance of the chief
engineer appointed by the Government and the chief engineer
of the Company, and, in the event of differences as to the spe-
cifications, or in case the said engineers shall differ as to the
work, the questions in dispute shall be determined by the said
engineers and a third arbitrator, to be chosen in the manner
provided in paragraph four of this agreement.

Commencement
and completion of
Eastern Division.

8. The construction of the said Eastern Division shall be
commenced so soon as the Government has made the surveys
and plans and determined upon the location thereof, and shall
be completed with all reasonable despatch.

Construction of
Western Division.

9. The Western Division shall be constructed by and at the
cost of the Company, according to plans and specifications to be
approved by the Government.

Commencement
and completion of
Western Division.

10. The work of locating and constructing the said West-
ern Division shall be commenced forthwith after the ratifica-
tion of this agreement by the Parliament of Canada and shall
proceed with the utmost despatch and shall be completed with-
in five years from the first day of December, 1903, unless pre-
vented by the act of God, the King's enemies, internal distur-
bances, epidemics, floods or other causes beyond the control of
the Company. And, in case of the interruption or obstruction
of the work of construction from any of the said causes, the
time fixed for the completion of the said Western Division
shall be extended for a corresponding period.

Standard of
Western Division.

11. The Company shall lay out, construct and equip the
said Western Division of the said railway to a standard not
inferior to the main line of the Grand Trunk Railway Com-

pany of Canada between Montreal and Toronto, so far as may be practicable in the case of a newly-constructed line of railway, but this section shall not be held to oblige the Company to construct a double track railway.

12. The Company shall within thirty days after the passing of the Act confirming this agreement and of the Act incorporating the Company hereinafter referred to, deposit with the Government five million dollars in cash or approved Government securities, or partly in cash and partly in such approved securities, at the Company's option, as security for the construction of the Western Division and for the first equipment of the whole line of railway, as provided for in this agreement; the Government shall pay interest at the rate of three per centum per annum on any cash so deposited, and shall, from time to time as received, pay over to the Company any interest received by it on the securities so deposited, unless and until the said deposit shall become forfeited to the Government or returned to the Company in the manner hereinafter provided.

Security to be deposited by Company.

13. The Government shall return the said deposit to the Company on the completion of the construction of the Western Division and the first equipment of the whole line of railway, according to the terms hereof, provided, however, that, when it is shown to the satisfaction of the Government that the application of the same will enable such construction and equipment to be completed, and that the same will be so applied, the said deposit shall be released by the Government in such instalments as may be from time to time agreed upon, but if the Company shall make default in the performance of the obligations of the Company for the construction of the said Western Division and for the first equipment of the whole line of railway, under the terms of this agreement, treating the same as entire, then the said sum of money shall be absolutely forfeited to the Government for the use of His Majesty the King.

Return of deposit.

Forfeiture

14. For the purposes of this agreement, the expression "working expenditure," as applied to the Eastern Division of

"Working expenditure" defined.

the railway, shall mean and include all expenses of maintenance of the said Division, and of the stations, buildings, works and conveniences belonging thereto, and of the rolling and other stock and movable plant used in the working thereof, and all such tolls, rents or annual sums as are paid in respect of property leased to, or held by, the Company in respect of the said Eastern Division (apart from the rent of any other leased line), or in respect of the hire of rolling stock let to the Company as part of the equipment of the said Eastern Division, but not including the rental of the said Division payable by the Company to the Government as hereinafter provided; also all rent, charges or interest on the purchase money of lands belonging to the Company purchased for the use of the said Eastern Division, but not paid for, or not fully paid for; and also all expenses of or incidental to working the said Eastern Division and the traffic thereon, including stores and supplies and all necessary repairs and supplies to rolling stock thereof while on the Western Division, or on the lines of another company or of the Government; also rates, taxes, insurance and compensations for accidents or losses payable in respect of the said Eastern Division; also all salaries and wages of persons employed in and about the working of the said Division and the traffic thereon, and the due proportion of all office and management expenses, including directors' fees, agency, legal, medical and other like expenses, and of any sums of money contributed to any fund for the benefit of the employees of the Company; also all costs and expenses of and incidental to the compliance by the Company with any order of the Railway Committee of the Privy Council or of any board or authority which may hereafter be duly constituted by the Parliament of Canada for the regulation of railways and made in reference to the said Eastern Division; and, generally, all such charges, if any, not above otherwise specified, as in all cases of English railway companies are usually carried to the debit of revenue as distinguished from capital account.

"Cost of construction" defined.

15. The expression "cost of construction," in the case of the Eastern Division, shall mean and include all the cost of

X

material, supplies, wages, services and transportation required for, or entering into, the construction of the said Eastern Division, and all expenditure for right-of-way and other lands required for the purposes of the railway and for terminal facilities, accommodation works and damages and compensation for injuries to lands and for accidents and casualties; cost of engineering, maintenance, repairs and replacement of works and material during construction, and superintendence, book-keeping, legal expenses, and, generally, costs and expenses occasioned by the construction of the said Division, whether of the same kind as, or differing in kind from, the classes of expenditure specially mentioned, including interest upon the money expended; the interest upon such outlay in each year shall be capitalized at the end of such year, and interest charged thereon at three per cent. per annum until the completion of the work and until the lessees enter into possession under the terms of the said lease; and, for the purposes of this agreement, the amount of such cost of construction, including the principal and all additions for interest, to be ascertained in manner aforesaid, shall, on completion, be finally determined and settled by the Government upon the report of such auditors, accountants, or other officers as may be appointed by the Government for that purpose.

16. In case, after completion of the said Eastern Division and the taking possession thereof by the Company under the lease thereof, hereinafter referred to, or at any time thereafter, during the continuance of the said lease, the Government shall deem it necessary to expend any sums of money for the improvement of the said Eastern Division, the replacement of structures by others more modern, or otherwise upon capital account for betterments, and not being "working expenditure" payable by the Company, the Government may expend such sums, and the amount thereof shall be added to the capital of the construction account at the end of the year in which such expenditure takes place, and shall thereafter be considered as part of the cost of construction, upon which interest, by way of rental, is to be paid by the Company; provided that no such

Expenditure by
Government on
Eastern Division
after lease to
Company

Approval of
Company.

expenditure shall be entered upon without the consent and approval of the said Company.

Cost of material
imported by
Government.

17. No addition shall be made to the cost of construction or to the capital of construction account in respect of customs duties in cases where there is direct importation of material or supplies by the Government.

Cost of
construction of
Western Division.

18. The cost of construction of the Western Division shall include the like classes of expenditure as in the case of the construction of the Eastern Division, but the amount thereof shall be established by the Company to the satisfaction of the Government periodically from time to time, and upon the completion thereof in such manner as the Government may direct or determine.

Government
inspection of
Company's books.

19. For the purpose of enabling the Government to determine the cost of construction of the said railway, or of any portion thereof, or the cost of the equipment supplied, or the net earnings of the railway, or of any part or parts thereof, pursuant to this agreement, the Government shall have the right, from time to time, and at all times, by and through such agents, engineers, accountants and inspectors as it may appoint for that purpose, to inspect all the books of account, pay sheets, contracts, correspondence and all other books, papers and documents, the inspection of which may be considered necessary for the purpose of determining such cost or net earnings. The Company shall keep separate accounts of the earnings and expenditure of the Eastern and Western Divisions, and, for the purposes of this agreement, the earnings from through traffic shall be apportioned between the Eastern and Western Divisions, according to the usual practice of connecting lines of railway operated by two separate companies; any dispute as to the proper divisions of such earnings shall be determined by arbitrators to be appointed in the manner provided by paragraph forty-seven of this agreement. Provided, however, that, if a board of railway commissioners shall be hereafter appointed under the authority of an Act of the Parliament of Canada,

Separate accounts
for two divisions.

Apportionment
of earnings.

Settlement of
disputes.

having powers substantially as proposed by Bill Number 21 of the present Session of Parliament, then such dispute shall be determined by such board, from whose decision herein either party shall have the right, without leave, to appeal to the Supreme Court of Canada.

20. When completed the said Eastern Division shall be leased to, and operated by, the Company for the period of fifty years, at a rental, payable as follows, namely :—For the first seven years of the said term the Company shall operate the same, subject only to payment of "working expenditure" as defined in paragraph fourteen of this agreement; for the next succeeding forty-three years the Company shall pay annually to the Government, by way of rental, a sum equal to three per centum per annum upon the cost of construction of the said Division, ascertained in the manner defined in paragraphs fifteen and sixteen of this agreement, provided that, if, in any one or more of the first three years of the said period of forty-three years, the net earnings of the said Division, over and above "working expenditure," shall not amount to three per centum of the cost of construction, the difference between the net earnings and the rental shall not be payable by the Company, but shall be capitalized and form part of the cost of construction, upon the whole amount of which rental is required to be paid at the rate aforesaid, after the first ten years of the said lease, and during the remainder of the said term.

Lease of Eastern Division to Company.

21. If, upon the termination of the said lease, the Government shall determine not to undertake the operation of the said Eastern Division, the Company, provided the terms offered by it are as favourable to the Government as those offered by any other railway company equally competent to perform and fulfil the obligations required by the Government to be assumed by the lessees thereof, shall have the right to an extension or renewal of the said lease for a further period of fifty years, upon such terms as may be agreed upon. Notices of the intention of the parties shall be given as may in such lease be provided.

Renewal of lease.

Equipment of
railway by
Company.

22. The Company shall equip both Divisions of the line of railway with modern and complete rolling stock suitable and amply sufficient for efficient operation and the handling of all classes of traffic to the satisfaction of the Government, and the first equipment for the completed road shall be of the value of, at least, twenty million dollars, of which not less than five million dollars worth shall be supplied for the operation of the Eastern Division of the said railway, and the said five million dollars worth of rolling stock, together with all renewals thereof and additions thereto, shall be marked as assigned to the said Eastern Division and shall be held to be and form part of the equipment of the Eastern Division of the railway during the said period of fifty years and shall be used as the equipment appertaining thereto, according to the ordinary practice of railways during the said period of fifty years.

Lease of Eastern
Division to provide
for proper
maintenance.

23. The lease of the said Eastern Division shall contain all necessary and proper provisions required by the Government for securing, during the entire term of the said lease, the efficient maintenance and operation of the said Division, including all repairs and renewals, and the maintenance and renewal of its rolling stock and equipment, so as to keep the said Division in all respects, up to the standard of modern and efficient railway practice and operation, as the same shall be advanced and improved from time to time, during the whole term of said lease, it being the intention of this agreement that the said lease shall provide, in all respects, for the up keeping of the said Eastern Division and of the equipment thereof (otherwise than by expenditure upon construction account under paragraph sixteen hereof) to the satisfaction of the Government, at the expense of the Company, after the same shall be completed and handed over by the Government to the Company for operation.

Running powers:

24. The said lease shall also contain proper and usual provisions:—

Government, over
Eastern Division:

(a) Reserving to the Government in respect of its ownership, present and future, of the Intercolonial and any other line or lines of railway, running powers and haulage rights over the

said Eastern Division upon equal terms with the lessees, subject to such reasonable restrictions as may be necessary to secure safety and convenience in the operation of all the traffic over the said Division and subject to the payment by the Government to the Company of such reasonable compensation as may be agreed upon between the Government and the Company ;

(b) Reserving power to the Government to grant running powers and haulage rights sufficient to enable any railway company desiring to use the said Eastern Division or any part thereof, to do so upon such terms as may be agreed upon between the companies, or, in case of their failure to agree, then upon such terms as may be deemed reasonable and just by the Government, having regard to the rights and obligations of the lessees ;

(c) Securing to the Government, in respect of its ownership as aforesaid, running powers and haulage rights over the Western Division, or any portion thereof, upon such terms as may be agreed upon between the Government and the Company ;

(d) Securing to any railway company, desiring to make use of the same, running powers and haulage rights over the said Western Division, or any portion thereof, upon such terms as may be agreed upon between the companies, or, in case of their failure to agree, then upon such terms as may be deemed reasonable and just by the Government ;

(e) Securing to the Company running powers and haulage rights over the Intercolonial Railway, or any portion thereof, upon such terms as may be agreed upon between the Government and the Company.

(2) If, in any question arising under the provisions of subparagraphs (a), (c) and (e) of this paragraph, the parties shall fail to agree, the matter in difference shall be determined by arbitrators, to be appointed in the manner provided by paragraph forty-seven of this agreement : Provided, however, that, if a Board of Railway Commissioners shall be hereafter appointed under the authority of an Act of the Parliament of Canada, having powers substantially as proposed by Bill num-

Of railway companies, over Eastern Division ;

Of Government, over Western Division ;

Of railway companies, over Western Division ;

Of company, over Intercolonial.

Arbitration of disputes.

ber 21 of the present Session of Parliament, then such dispute shall be determined by such Board, from whose decision hereafter in either party shall have the right, without leave, to appeal to the Supreme Court of Canada.

Other conditions
of lease.

25. The said lease shall also contain such other covenants and provisions, including proper indemnity to the Government in respect to the working of the railway, as may be deemed necessary by the Government to secure the proper carrying out of this Agreement.

Capital of
Company.

26. The capital stock of the Company shall be forty-five million dollars, of which not more than twenty million dollars shall be preferred and not less than twenty-five million dollars common stock.

Grand Trunk
Railway Company
to hold \$25,000,000
common stock.

27. The Company undertakes that the Grand Trunk Railway Company of Canada shall acquire and take the said common stock to the amount of twenty-five million dollars, except shares held by directors, not exceeding one thousand shares, and shall hold the same during the term of the said lease, and so long as any of the bonds guaranteed by the Government under the terms of this agreement shall remain outstanding unpaid.

Government
guarantee of
Company's bonds.

28. For the purpose of aiding the Company in the construction of the Western Division, the Government shall guarantee payment of the principal and interest of an issue of bonds to be made by the Company for a principal amount equal to seventy-five per centum of the cost of construction of the said division, as defined and ascertained in accordance with the provisions of paragraph eighteen hereof; but such principal amount shall not, in any case, exceed thirteen thousand dollars per mile of the mileage of the prairie section, nor thirty thousand dollars per mile of the mileage of the Mountain Section, although seventy-five per centum of such cost of construction may have exceeded the said respective sums per mile.

Denomination of
bonds.

29. Such bonds may be issued in such denomination in the currency of the Dominion of Canada, or in the sterling money of Great Britain, as may be agreed upon, and

the principal of such bonds shall be payable in fifty years ^{Redemption.} from the date of issue, and the said bonds shall be dated ^{When bonds may be issued.} and issued, and the guarantee of the Government endorsed thereon, so soon as the Western Division is constructed and equipped ready for operation, in accordance with the provisions of this agreement, provided that the Eastern Division is then also furnished with the first equipment required by this agreement, or that the deposit hereinbefore provided for is then still unforfeited in the hands of the Government.

30. The said bonds shall bear interest at the rate of ^{Interest on bonds.} three per centum per annum, payable half-yearly, and shall have attached thereto coupons representing the instalments of interest thereon, and shall be in such form as the Government shall determine.

31. The Company shall pay the interest upon an amount of bonds equal to the principal of the bonds guaranteed by the Government on account of the construction of the Prairie Section, as mentioned in paragraph twenty-eight hereof, from the date of issue thereof, and, should default be made by the Company in payment thereof, or of any part thereof, the Government shall pay the same, and take up the coupons representing such interest; and moneys so paid by the Government under its guarantee, whether for principal or interest, of the said bonds, shall be held to be paid in discharge of the liability of the Government, but not in discharge of the liability of the Company with respect to the said bonds, and any moneys so paid by the Government shall continue to be a charge under the mortgage to be given to secure the said guaranteed bonds hereinafter mentioned, and the Government shall be subrogated to all the rights of the holders of the said bonds, the interest upon or the principal of which shall have been paid by the Government, and the Government shall, in respect of all moneys which it may so pay, be, in all respects, in the position of holders of bonds in respect of which no default has been made to the extent of the moneys so paid by the Government.

Interest on
Mountain Section
bonds for first
seven years.

During next
three years.

Repayment by
Company.

32. The Government shall pay the interest upon an amount of bonds equal to the principal of the bonds guaranteed by the Government on account of the construction of the Mountain Section accruing due during the first seven years from the date of the issue of said bonds, and shall not have recourse against the Company for any interest so paid. After the expiration of the said period of seven years the Company shall be primarily liable to pay the said interest, and, should default be made by the Company in payment thereof, or of any part thereof, the Government shall pay the same and take up the coupons representing such interest, and any moneys so paid by the Government under its guarantee, whether for principal or interest, of the said bonds shall be held to be paid in discharge of the liability of the Government, but not in discharge of the liability of the Company with respect to the said bonds, and any moneys so paid by the Government shall continue to be a charge under the said mortgage, to be given to secure the said guaranteed bonds hereinafter mentioned, and the Government shall be subrogated to all the rights of the holders of the said bonds, the interest upon or the principal of which shall have been paid by the Government, and the Government shall, in respect of all moneys which it may so pay, be, in all respects, in the position of holders of bonds in respect of whose bonds default has been made to the extent of the moneys so paid by the Government, subject to the following proviso and exception, namely,—That the Government shall not, during the next succeeding period of three years following the period of seven years above mentioned, be entitled to exercise any rights of foreclosure or sale against the Company, or to take possession of the said railway, if the default of the Company consists in failure to pay during the said period of three years the interest upon an amount of bonds equal to the principal amount guaranteed by the Government on account of the construction of the said Mountain Section, but any moneys so paid by the Government shall be repaid by the Company to the Government in the following manner:—At the end of the said period of three years the whole amount so paid by the Government shall be capitalized and shall be repaid by the Company to the Government, with interest at the rate of three per centum

per annum, or the Company may, at its option, repay the same in four equal annual instalments, with interest at the rate aforesaid, or may give to the Government bonds for the said interest so capitalized payable in forty years from the date thereof, with interest at the rate aforesaid: in any event, the interest so capitalized and the bonds so to be given therefor, if any, shall continue to be secured by the said mortgage to secure the bonds guaranteed by the Government, hereinafter mentioned, and the said mortgage shall contain proper provisions in that behalf.

33. After the period of ten years from the issuing of the said bonds and until the principal of the said bonds is paid, the Company shall pay the interest thereon, and, should default be made by the Company in payment of the said interest, or of any part thereof, the Government shall pay the same and take up the coupons representing such interest. Any moneys so paid by the Government shall be deemed to be paid in discharge of the liability the Government, but not in the discharge of the liability of the Company with respect thereto, but the Government shall be entitled to immediate payment thereof by the Company and shall thereafter, until such repayment by the Company, be subrogated to all the rights of the original holders of said coupons against the Company.

Interest on bonds
after ten years.

34. Inasmuch as the bonds to be guaranteed by the Government only make provision for a part of the cost of construction of Western Division, the Company hereby agrees that the Grand Trunk Railway Company of Canada shall guarantee bonds of the Company for the balance required for the construction of said Western Division, exclusive of the said twenty million dollars required for first equipment, which the Company is required to provide under paragraph twenty-two of this agreement, and the Company may issue a second series of bonds, to be guaranteed as aforesaid by the Grand Trunk Railway Company of Canada to be a second charge upon the property described in paragraph twenty-five (b) hereof, and to be subject to, and to rank upon, the said property next after the said bonds so to be issued and guaranteed by the Government.

Second series of
bonds guaranteed
by Grand Trunk
Railway Company.

Rank after bonds
guaranteed by
Government.

"Bonds" defined.

(2.) The expression 'bonds' wherever used in this agreement shall be deemed to include debentures and debenture stock.

Mortgages :

To secure bonds
guaranteed by
Government :

35. For the purposes hereinafter in this paragraph respectively defined, the Company may and shall create mortgages to trustees, as follows:—

(a.) A mortgage which shall be a first charge upon the railway, undertaking, equipment and property, tolls, rights and franchises of the Company, including all equipment and property to be thereafter acquired by the Company (but not including branch lines exceeding six miles in length or the revenues therefrom or the franchises in connection therewith, or such additional rolling stock as may, with the assent of the Government, be designated and marked by the Company as constituting the equipment thereof, and not including ships or any municipal or provisional grants of land, by way of bonus or subsidy, to the said Company other than for railway purposes) to secure the payment of the said issue of first mortgage bonds guaranteed by the Government.

To secure bonds
guaranteed by
Grand Trunk
Railway Company :

(b) A mortgage which shall be a second charge upon the property covered by the mortgage provided for by paragraph thirty-five (a) save and except the rolling stock constituting the equipment of the Eastern Division, to secure the bonds to be guaranteed by the Grand Trunk Railway Company of Canada as aforesaid.

To secure
observance of
agreement, etc. :

(c) A mortgage which shall be a charge upon the rolling stock constituting the equipment of the Eastern Division next after the charge mentioned in paragraph thirty-five (a) to secure to the Government the rental payable in respect of the Eastern Division, the efficient maintenance and continuous operation of the said Eastern Division, and the observance and performance by the Company of the terms of this agreement.

Forms of bonds
and mortgages

(2.) The said several mortgages and all bonds and securities required to carry this agreement into effect shall be in such form and contain such provisions not inconsistent with the terms hereof, as the Government may approve.

36. Notwithstanding any of the provisions of this agreement, interim bonds of the Company secured by first mortgage may, from time to time, during, and for the purposes of the work of constructing the said Western Division, be issued by the Company and guaranteed by the Government, as may be agreed upon from time to time, subject to all the limitations and conditions imposed by this agreement; provided, however, that all such interim bonds shall be issued upon such terms that, upon the completion of the said Western Division, the same, or so much thereof (principal and interest) as may be then outstanding, shall be convertible, as against the holders thereof, into bonds issued under the provisions of paragraph twenty-eight hereof.

Issue of interim bonds.

Conversion thereof on completion of Western Division.

37. The Company shall purchase all material and supplies required for the construction of the Western Division and the equipment of the whole of the said line of railway from Canadian producers, when the same are produced in Canada and when such material and supplies can be purchased in desired quantities and of equal quality suitable for the purpose required, and for prices and upon terms equally advantageous with those procurable elsewhere.

Purchase of material and supplies.

38. The Railway Act of Canada, and any amendments enacted heretofore or which shall hereafter be enacted, shall apply to the operation of the Eastern Division by the Company, and to the rights, liabilities and obligations of the Company as lessees thereof, and to the location, construction and operation of the Western Division thereof, except as otherwise provided by this agreement, by the Act confirming the same or by any special Act of the Company.

Railway Act to apply.

Exceptions.

39. The rates and tolls to be levied and taken by the Company upon any part of the said railway shall be under the control of the Governor-in-Council, or of such authority, commission or tribunal as is designated or constituted under any Act of the Parliament of Canada for the regulation or control of the business of railways.

Control of rates.

Government
guarantee
conditional on
payment of
contractors and
wages.

40. The Company shall, before being entitled to the guarantee provided by this agreement, furnish evidence, satisfactory to the Government, that all just claims of contractors and for materials, wages and supplies, and all just claims against contractors and sub-contractors for materials, wages and supplies, entering into and supplied for the construction of the railway have been duly paid.

Efficiency of
service.

41. At all times during the terms of the said lease, the Company shall continuously and efficiently operate both divisions of the said railway, giving due and sufficient service for the accommodation of all traffic to the satisfaction of the Government.

Conditions of aid
by Government.

42. It is hereby declared and agreed between the parties to this agreement that the aid herein provided for is granted by the Government of Canada for the express purpose of encouraging the development of Canadian trade and the transportation of goods through Canadian channels. The Company accepts the aid on these conditions, and agrees that all freight originating on the line of the railway, or its branches, not specifically routed otherwise by the shipper, shall, when destined for points in Canada be carried entirely on Canadian territory, or between Canadian inland ports, and that the through rate on export traffic from the point of origin to the point of destination shall at no time be greater via Canadian ports than via United States ports, and that all such traffic, not specifically routed otherwise by the shipper, shall be carried to Canadian ocean ports.

Routing of
freight.

Preference to
Canadian ports.

Company to
develop trade
through Canadian
channels.

43. The Company further agrees that it shall not, in any matter within its power, directly or indirectly advise or encourage the transportation of such freight by routes other than those above provided, but shall, in all respects, in good faith, use its utmost endeavours to fulfil the conditions upon which public aid is granted, namely: the development of trade through Canadian channels and Canadian ocean ports.

44. In respect of the tolls for any traffic carried partly over any line of railway operated by the Company, and partly over any of the lines of the Intercolonial Railway, a fair and equitable rateable division of all such tolls shall be made by mutual agreement, or, in case of dispute, such division shall be fixed by arbitrators appointed in the manner provided by paragraph forty-seven of this agreement, or by a board of commissioners which may hereafter be duly appointed as mentioned in paragraph nineteen of this agreement, and with the right of appeal as therein mentioned.

Division of
tolls for traffic
over Company's
line and
Intercolonial.

45. The Company shall arrange for and provide, either by purchase, charter or otherwise, shipping connections upon both the Atlantic and Pacific oceans, sufficient in tonnage and in number of sailings to take care of and transport all its traffic, both inward and outward, at such ocean ports within Canada, upon the said line of railway, or upon the line of the Intercolonial Railway, as may be agreed upon from time to time, and the Company shall not divert, or, so far as it can lawfully prevent permit to be diverted, to ports outside of Canada any traffic which it can lawfully influence or control, upon the ground that there is not a sufficient amount of shipping to transport such traffic from or to such Canadian ocean ports.

Shipping facilities
on Atlantic and
Pacific.

Traffic not to be
diverted out of
Canada.

46. The Government shall procure to be granted to the Company, in so far as the same are vested in His Majesty in right of the Dominion of Canada, such lands as may be required for the right-of-way of the Western Division, and for all stations, station grounds, work shops, buildings, yards and appurtenances required for the construction and working thereof, and shall also procure to be granted to the Company, upon such terms as may be agreed upon, in so far as the same are so vested in His Majesty, such lands fronting upon and covered by navigable waters touched by the line of the railway as, in the judgment of the Government, may reasonably be required for the use of the Company in connection with its operations. The right of the Company to obtain such lands without compensation shall cease when the said division is constructed and equipped as required by paragraph twenty-nine hereof.

Grant of lands
required for
railway.

Arbitration of
disputes.

47. Any dispute which may arise as to the meaning or construction of this agreement, or as to the performance of any of the obligations of either of the parties to this agreement, or as to working expenditure or cost of construction, shall, if not herein otherwise provided for, be determined by the award of a single arbitrator, if the parties concur in his appointment, or if not, by the award of three arbitrators, one of whom shall be appointed by the Government, one by the Company, and the ... by the two so appointed, or, in case of their being unable to agree, by the Chief Justice of the Supreme Court of Canada, and the award of a majority of such three arbitrators, shall be final.

Appointment of
director by
Government.

48. During the term of the said lease, and so long as the Government remains liable for any portion of the bonds issued by the Company, the Government shall have the right to appoint one director of the Company. Such director shall not receive any remuneration from the Company, but shall be paid a salary by the Government, not to exceed two thousand dollars per annum.

Company to be
incorporated.

49. The Company has applied to the Parliament of Canada for an Act of Incorporation, and this agreement shall be binding only in the event of said Act, conferring upon the Company sufficient powers to enable it to carry out the provisions of this agreement, being passed at the present Session of Parliament, and this agreement shall then be assumed by, and become binding upon, the said Company.

Ratification by
Parliament.

50. This agreement shall be submitted to and be subject to ratification by the Parliament of Canada.

IN WITNESS WHEREOF, the said William S. Fielding, Acting Minister of Railways, acting on behalf of His Majesty, the King, hath hereunto set his hand and seal, and the said parties hereto of the Second Part, representing herein and acting on behalf of The Grand Trunk Pacific Railway Company, a company to be incorporated by Act of Parliament of Canada

at the present Session thereof, have also set their hands and seals.

Signed, Sealed and (Signed) C. RIVERS WILSON,
Delivered in the " WELBY,
presence of: " JOHN A. CLUTTON-BROCK,

(Signed) " JOSEPH PRICE,
F. H. Chrysler, " ALFRED W. SMITHERS,
W. H. Biggar. Per CHARLES M. HAYS.

(Signed) CHARLES M. HAYS,
" FRANK W. MORSE,
" JOHN BELL,
Per CHARLES M. HAYS.

(Signed) WM. WAINWRIGHT.

Signed, sealed and delivered in the presence of
Gerald G. Ruel.

W. S. FIELDING,
Acting Minister of Railways and Canals.

[Seal of the Department.]



4 EDWARD VII.

Chapter

An Act to Amend the National Transcontinental Railway Act.

[Assented to July 18th, 1904.]

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows :

1. The agreement made between His Majesty and the Grand Trunk Pacific Railway Company (hereinafter called the "Pacific Company,") dated the eighteenth day of February, one thousand nine hundred and four, a copy of which forms the schedule to this Act, is hereby ratified and confirmed and declared to be legally binding upon His Majesty and the Pacific Company, subject to the provisions of the National Transcontinental Railway Act and of this Act; and His Majesty and the Pacific Company and the Grand Trunk Railway Company of Canada (hereinafter called the "Grand Trunk Company,") and all others concerned, are hereby authorized and empowered to do whatever is necessary in order to give full effect to the provisions of the said agreement of and this Act.

Agreement
in schedule
confirmed.

2. The directors of the Grand Trunk Company may, subject to, and in accordance with, the provisions of The National Transcontinental Railway Act and of this Act, carry into effect the agreement a copy of which forms the schedule to The National Transcontinental Railway Act, as amended by the said agreement, supplementary thereto, hereby ratified and confirmed (which said agreements are together hereinafter referred to as the "scheduled agreements") so far as the said scheduled agreements relate to or affect the Grand Trunk Company; and may, for the purpose of aiding and assisting the Pacific Com-

Powers of
G. T. R. Co.
as to this
agreement and
agreement in
schedule to
1903, c. 71.

As to providing
deposit.

pany in carrying out any of the provisions of the scheduled agreements, from time to time engage the credit of the Grand Trunk Company; and enter into any contract of guarantee or indemnity, and sell or pledge so much of any class or classes of stock of the said Grand Trunk Company, or of any securities held or owned by the said Grand Trunk Company, as is deemed necessary; and apply any moneys so realized, or such stocks or securities or the proceeds thereof, for the purpose of carrying into effect the scheduled agreements; and the Grand Trunk Company and its directors are hereby declared to have been since the eighth day of March, one thousand nine hundred and four, vested, under the resolution of shareholders passed on that day, with full power to engage the credit of the Grand Trunk Company or to pledge its said stocks and securities for the purpose of providing the deposit mentioned in the scheduled agreements.

Agreements
authorized
between G. T.
R. Co. and
G. T. P. R. Co.

3. The directors of the Grand Trunk Company may, from time to time, and as often as they deem necessary, enter into an agreement or agreements with the directors of the Pacific Company respecting the manner and the terms upon which the Grand Trunk Company shall or may aid or assist the Pacific Company in carrying the scheduled agreements into effect, and also respecting the consideration to be given by the Pacific Company to the Grand Trunk Company under the terms of any such agreement or agreements, and may guarantee the bonds, debentures or other securities of the Pacific Company, and perform such other services for the Pacific Company as are agreed upon; and the Grand Trunk Company may receive and take as the consideration, in whole or in part, to be given to it under the terms of any such agreement, shares of the capital stock of the Pacific Company for such amount and upon such terms and conditions as are agreed upon; and a certified copy of every such agreement shall forthwith be deposited with the Secretary of State of Canada.

Agreements
authorized
between G. T.
R. Co. and
His Majesty.

4. The Grand Trunk Company may enter into an agreement or agreements with His Majesty respecting the guarantee

of the second-mortgage bonds of the Pacific Company, to be issued pursuant to the provisions of the scheduled agreements, and also respecting any other matter or thing which the directors deem necessary or expedient for the purpose of carrying into effect the scheduled agreements.

5. The provisions of sections 3, 4, 5, 6 and 7, and of sub-section 4 of section 19 of the National Transcontinental Railway Act shall apply to the scheduled agreements as if the said provisions had been expressly enacted with reference to the scheduled agreements.

Application
of certain
provisions of
1903, c. 71.

6. The rights conferred upon the Government of Canada by section 6 of the National Transcontinental Railway Act shall be subject to the restrictions and provisions contained in the agreement hereby ratified and confirmed, as well as to the restrictions and provisions mentioned in the said section 6.

Rights of
Government
as to securities.

7. Notwithstanding anything in the third clause of the agreement hereby ratified and confirmed, no lease under the rights and powers thereby conferred shall be made or granted until it has been submitted to and approved by the Governor-in-Council; and a copy of every such lease as soon as executed shall be deposited with the Secretary of State of Canada.

Leases of portions
of Eastern
Division.

8. Sub-sections 2 and 3 of section 7 of the National Transcontinental Railway Act are hereby repealed, and in lieu thereof it is hereby enacted as follows :—

1903, c. 71, section 7
amended.

Notwithstanding anything in the said Act or in the scheduled agreements contained, His Majesty the King, acting in respect of the Dominion of Canada, shall not be bound or obliged to perform, carry out or fulfil any of the covenants, undertakings, conditions or stipulations in the scheduled agreements contained on behalf of His Majesty, acting as aforesaid, unless and until the Grand Trunk Company covenants and agrees as follows with His Majesty, acting as aforesaid :—

Agreement by
G. T. R. Co.

(a) That it will guarantee the bonds of the Pacific Company for the balance required for the complete construction of

To guarantee
second-series
bonds.

the Western Division in the scheduled agreements mentioned, as provided in clause 34 of the agreement a copy of which forms the schedule to the said Act;

To hold \$24,000,000
common stock.

(b) That it will acquire and take the common stock of the Pacific Company to the amount of not less than \$24,000,000 as in clause 27 of the said last-mentioned agreement provided.

Disposal of second-
series bonds.

9. The terms and conditions upon which the bonds to be guaranteed by the Government pursuant to the said agreements in aid of the construction of the Western Division of the railway referred to therein, or any portion of them, may be sold, pledged or otherwise disposed of by the Grand Trunk Pacific Railway Company, shall be subject to the approval of the Minister of Finance and Receiver General and of the Governor-in-Council.

Work of
construction on
Eastern Division.

10. The work of construction on the Eastern Division of the National Transcontinental Railway shall be commenced, as nearly as may be, simultaneously at Moncton, at Quebec, at the point of junction of the Eastern Division with the branch southerly to a point at or near either North Bay or Nipissing Junction, and at Winnipeg, and shall be carried on westward from Moncton, eastward and westward from Quebec, eastward and westward from the point of junction aforesaid, and eastward from Winnipeg, in such manner that the section between Winnipeg and Quebec, and that between Quebec and Moncton shall be completed as nearly as practicable at the same time.

1903, c. 71, s. 9
amended.

11. Section 9 of the National Transcontinental Railway Act is amended by striking out the word "three" in the fourth line thereof and substituting therefor the word "four."

SCHEDULE.

THIS AGREEMENT made this eighteenth day of February, 1904,

BETWEEN

HIS MAJESTY THE KING, acting in respect of the Dominion of Canada and herein represented and acting by the Honourable Henry Robert Emmerson, Minister of Railways and Canals,

Of the First Part ;

AND

THE GRAND TRUNK PACIFIC RAILWAY COMPANY,

Of the Second Part.

WHEREAS a contract bearing date the twenty-ninth day of July, 1903, was made and entered into between His Majesty the King, of the first part and Sir Charles Rivers Wilson and others acting on behalf of the said Grand Trunk Pacific Railway Company, and providing, upon the terms and conditions in the said contract mentioned and set forth, for the construction and operation of the line of railway therein described ;

AND WHEREAS the said Contract was afterwards confirmed by an Act of the Parliament of Canada, chapter seventy-one of the statutes of 1903, known as the National Transcontinental Railway Act ;

AND WHEREAS the parties hereto have agreed, subject to ratification by the Parliament of Canada, to make certain modifications of the said Contract.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH that the said parties have CONTRACTED AND AGREED with each other as follows :—

1. Notwithstanding anything in the said Contract contained, the time for completion of the Western Division of the railway shall be and the same is hereby extended to the first day of December, A.D. 1911, and the tenth paragraph of the said Contract is amended accordingly and by inserting the word "strikes" after the word "floods" in the seventh line thereof.

2. Notwithstanding anything contained in the thirteenth and twenty-ninth paragraphs of the said Contract, the Company shall, when it shall have completed the construction of the said Western Division in accordance with the terms of the said Contract as hereby amended, and shall have supplied rolling stock to the amount of fifteen million dollars (\$15,000,000), if the Eastern Division shall not then have been constructed and completed by the Government, be entitled to the return of the deposit made under the twelfth paragraph of the said Contract, or any part thereof which may then remain unforfeited in the hands of the Government under the terms of the said Contract; and the Company shall also be entitled to have the guarantee of the Government endorsed upon the said bonds issued in respect of the Western Division, pursuant to paragraph twenty-nine of the said Contract; and if it is shown to the satisfaction of the Government that the Western Division will be completed and rolling stock to the said amount of fifteen million dollars (\$15,000,000) supplied before the construction and completion of the Eastern Division and that the application of the said deposit will enable the Company to so complete the Western Division and supply rolling stock to the said amount and that the same will be so supplied, the said deposit shall be released by the Government in such instalments as may from time to time be agreed upon.

Provided, however, that, of the said rolling stock to the amount of fifteen million dollars (\$15,000,000), rolling stock to the amount of five million dollars (\$5,000,000), to the satisfaction of the Government, shall then have been marked in the manner provided by the twenty-second paragraph of the said Contract, ready to be assigned to the Eastern Division under

the said paragraph upon its completion and to serve all the purposes in respect of the whole of the said Contract intended to be served by the five million dollars (\$5,000,000) worth of rolling stock in the said twenty-second paragraph mentioned.

3. Pending the completion of the Eastern Division by the Government, the Company shall be entitled to lease from the Commissioners, to be appointed under the said Act, and to operate such portions of the said Eastern Division as may from time to time be completed, but upon such terms as may be agreed upon between the Company and the said Commissioners, which terms are not to be more onerous than those of the lease of the whole division by the said Contract provided for, save in so far as may be necessary to give full effect to the paramount right of the said Commissioners next hereinafter mentioned, and subject always to the paramount right of the said Commissioners to use and operate the same without any payment of tolls or other compensation for such purposes as they may deem necessary or expedient in the execution of their commission.

4. The twenty-eighth paragraph of the said Contract is amended by striking thereout all the words following the word "not" in the eighth line thereof and inserting instead thereof the words "in respect of the prairie section exceed thirteen thousand dollars per mile of the mileage thereof, although seventy-five per centum of such cost of construction may have exceeded the said sum of thirteen thousand dollars per mile."

5. Notwithstanding anything in the said Contract contained, the Government may and shall, preserving always the proportions in the said Contract provided as between the prairie and mountain sections of the Western Division, implement for the purposes and subject otherwise to the provisions of the said Contract, its guarantee of the bonds of the said Company to be issued for the cost of construction of the said Western Division, in such manner as may be agreed upon, so as to make the proceeds of the said bonds so to be guaranteed a sum equal to

seventy-five per centum of the cost of construction of the Western Division ascertained as provided in the said Contract, but not exceeding in respect of the prairie section, thirteen thousand dollars (\$13,000) per mile.

6. Notwithstanding anything in the said Contract contained, the Government shall not exercise any rights in respect of possession, foreclosure or sale, by reason of non-payment of interest by the Company under the thirty-first, thirty-second or thirty-third paragraphs of the said Contract, or under all or any of them, unless and until there shall be such default to the extent in the whole of a sum equal to five years of such interest, as the Company is not relieved from payment of or permitted to defer or capitalize by the provisions of the said paragraphs.

7. In case of such default being made by the Company in respect of the interest of the said bonds so guaranteed by the Government as would, under the provisions of the said Contract as amended hereby, entitle the Government to take possession of the said Western Division or to foreclose or sell the same, the remedy of the Government shall, notwithstanding anything in the said Contract contained, be the taking possession thereof by and through an agent or manager to be appointed as hereinafter provided, whose powers and duties shall be to manage and operate the said Western Division, to receive all the tolls and revenues thereof, to pay thereout working expenditure as defined by the Railway Act, 1903, including the expenses of such management or agency, and to distribute the surplus tolls and revenues, after payment of such working expenditure, *pari passu* between the Government or other holders of the bonds secured as provided by paragraph 35 (a) of the said Contract and guaranteed by the Government and the holders of the bonds secured as provided by paragraph 35 (b) of the said Contract and guaranteed by the Grand Trunk Railway Company, in the proportion of seventy-five per centum of such surplus tolls or revenues to the holders of the former issue of the bonds and twenty-five per centum to the holders of the lat-

ter issue, and the mortgage to be prepared under the said paragraph 35 (a) shall contain appropriate provisions in that behalf. The said manager or agent is to be appointed by the Government, with the concurrence of the Company, or, if they are unable to agree, by a majority of the Supreme Court of Canada.

8. Should possession be taken as aforesaid, the right of the Government to such possession shall terminate if and when the application of the proportion herein provided of the said surplus tolls and revenues shall have paid off all arrears of such interest.

9. Notwithstanding anything in the twenty-seventh paragraph of the said Contract contained, the Grand Trunk Railway Company shall not, after the acquisition of the twenty-five million dollars (\$25,000,000) of common stock therein mentioned (less shares held by directors, not exceeding one thousand), be prevented from making any such disposition of such common stock as the said Grand Trunk Railway may deem expedient, provided, however, that the said Grand Trunk Railway Company shall, during the delay mentioned in the said paragraph, continue to hold a majority of the said stock by such title as shall enable the said Grand Trunk Railway Company to control the policy of the Company.

10. Paragraph twenty-one of the said Contract is amended by adding thereto the following clause :—

“ Provided, further, that in the event of the Government determining to undertake the operation of the said Eastern Division, the Company shall be entitled for a further period of fifty years to such running powers and haulage rights as may be necessary to continuity of operation between the said Western Division and other portions of the Company's system and the Grand Trunk Railway System upon such terms as may from time to time be agreed upon, or as may from time to time, in case of failure so to agree, be determined in the manner pro-

vided by paragraph 24 (2) hereof, which is hereby made applicable to cases arising under this paragraph."

11. In case, during the currency of the lease of the Eastern Division, the Company shall have constructed a branch line or lines running from a point or points in the said Eastern Division, the Government shall, if at the expiration of the said lease, it shall determine to undertake the operation of the said Eastern Division, take over such branch line or lines as the Company may elect not to retain, at such value as may be agreed upon, or as may, in case of failure so to agree, be determined in the manner provided by paragraph 24 (2) of the said Contract, which is hereby made applicable to cases arising under this paragraph. If any such branch line or lines shall have received any grant or grants under the provisions of any Act of the Parliament of Canada, the amount of such grant or grants, without interest shall be deducted from such value and the difference only shall be payable by the Government upon the taking over of such branch line or lines.

12. The said Contract, as modified by this agreement, is to be ratified by a general meeting of the shareholders of the Grand Trunk Railway Company of Canada on or before the eighth day of March, 1904, and the deposit required by the twelfth paragraph of the said Contract is to be made in cash or approved securities immediately after such ratification.

13. Save as herein expressly provided, the said Contract and each and every paragraph and provision thereof are not to be deemed to be in any way affected by the provisions of this Supplemental Contract, but are hereby expressly confirmed and ratified, and the words and expressions which are defined in the said contract shall, except as herein expressly varied, be held to have the same meaning herein as in the said Contract, and particularly and without in any way limiting the generality of the foregoing, the words and expressions, "government," "Company," "Eastern Division," "Western Division," "Prairie section," "Mountain section," "cost of construction,"

and "bonds," shall have the same meaning herein as in the said Contract.

14. The thirty-fourth paragraph of the said Contract is amended by substituting the word "thirty-five" for the word "twenty-five" in the twelfth line thereof.

15. This agreement shall be submitted to and be subject to ratification by the Parliament of Canada.

IN WITNESS WHEREOF, the said Henry Robert Emmerson, Minister of Railways, acting on behalf of His Majesty the King, hath hereunto set his hand and seal, and the said Company, represented herein by Sir Charles Rivers Wilson and others, have also set their hands and seals.

Signed, sealed and
delivered by the Min- HENRY ROBERT EMMERSON,
ister of Railways and Minister of Railways and Canals.
Canals, in the pres-
ence of

Joseph Proulx. L. K. JONES,
Secretary, Dep't of Railways and Canals.

On behalf of the Grand Trunk Pacific Railway Company:

Signed, sealed and C. RIVERS WILSON,
delivered on behalf WELBY,
of the Grand Trunk JOHN A. CLUTTON-BROCK,
Pacific Railway Com- JOSEPH PRICE,
pany in the presence ALFRED W. SMITHERS,
of Per CHARLES M. HAYS.
W. H. Biggar. CHARLES M. HAYS,
FRANK W. MORSE,
JOHN BELL,
Per CHARLES M. HAYS.
WM. WAINWRIGHT.

Chapter 18.

[Assented to 26th April, 1904.]

HIS MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows :—

Aid to railways.

1. There shall be granted out of the Consolidated Revenue Fund, for the construction of the railways hereinafter mentioned, the sums following, that is to say :—

To Huntsville and Lake of Bays Ry.

(1) To the Huntsville and Lake of Bays Railway, from the north end of Lake of Bays to the south end of Peninsula Lake, and from the east end of Lake of Bays to the west end of Hollow Lake, in the District of Muskoka, a cash subsidy of \$10,000.

To Grand Trunk Pacific Railway.

(2) To the Grand Trunk Pacific Railway from a point on Thunder Bay on the north shore of Lake Superior to the intersection of the said railway with the main line of the Eastern Division of the Grand Trunk Pacific Railway as it may be finally located in the District of Thunder Bay, a distance not exceeding 200 miles, a cash subsidy of \$2,000 per mile, and a land grant as hereinafter set forth of 6,000 acres per mile for each mile of the said distance.

Location of lines to be approved.

2.—(1) The location of the line of each of the railways for the construction of which the said subsidies are granted, shall be subject to the approval of the Railway Committee of the Executive Council of Ontario, having regard to the feasibility of the route and engineering difficulties of construction.

Information to be furnished.

(2) Each of the said companies shall furnish such information as the location and plans of passenger and freight stations on the line of its railway as may from time to time be required by the Railway Committee of the Executive Council of Ontario and in every case the granting of the said subsidy shall be sub-

ject to compliance with such directions as may be given by the Railway Committee of the Executive Council of Ontario from time to time for the erection of stations, the number of the same and the intervals at which the stoppages shall be made at such stations for the accommodation of the public.

(3) The rates for passengers and freight which may be charged by each of the said companies on the said railways shall be such as may be approved of by the Railway Committee of the Executive Council of Ontario, and each of the said companies shall comply with any conditions now or hereafter imposed by any Act respecting the granting of aid to railways.

Rates to be
subjected to
approval.

(4) Provided that the terms, directions and requirements of the said Railway Committee shall not be inconsistent with any order or regulation from time to time issued or made by the Board of Railway Commissioners for Canada or other competent authority under the provisions of any Act of the Parliament of Canada applicable to either of the said companies.

3.—(1) In addition to the provisions of The Railway Act with respect to tolls, to be taken or levied by the said companies, it is hereby enacted that there shall be no secret special rates, rebates, drawbacks or concessions to favoured shippers nor any act or thing that will affect or prevent free competition in any line or lines of trade.

No discrimination
in rates.

Rev. Stat. c.207

(2) Each of the said companies shall be obliged upon the request of any township or county municipality through which the line of railway passes, to carry roadmaking material, gravel or stone, required for improving any of the roads within any such municipality, at the actual cost of handling and carriage.

Carrying road
material.

4. Each of the companies to which aid is granted by this Act shall comply with such regulations as may from time to time be made by the Lieutenant-Governor-in-Council for the protection from fire of the woods and forests adjoining the line of railway and shall also adopt the latest appliances which are in use for the said purpose.

Fire regulations to
be complied with.

Rolling stock, etc.,
to be of Canadian
manufacture.

5.—(1) Each of the subsidies hereby granted shall be subject to the condition that each company to which the same is granted shall as far as practicable, construct, equip and operate its said line of railway, with railway supplies, and rolling stock of Canadian manufacture, whenever such railway supplies, and rolling stock can be procured as cheaply and upon as good terms in Canada as elsewhere, having regard to the quality and price among other things, and unless the Lieutenant-Governor-in-Council shall approve of the same being procured elsewhere.

Rails to be
manufactured
in Canada.

(2) The cash subsidies and lands granted by this Act shall not be deemed to be earned nor shall the same be paid or be granted or conveyed, unless the rails used in the construction of the railways so aided or any part thereof to which such aid applies, shall have been manufactured in Ontario, provided that the rails suitable for such construction are procurable in Ontario, or if not procurable in Ontario, then elsewhere in the Dominion of Canada, at a price not greater than the open market price in Great Britain or the United States of America, for rails of similar make and quality, with the current freight rates from the place of shipment in Great Britain or the United States to the place where required in Ontario added thereto.

Alien labour.

6.—(1) No person shall be employed in the construction of either of the railways aided by this Act in contravention of The Alien Labour Act or the provisions of The Railway Act of Ontario respecting the employment of alien labour.

Rev. Stat., c. 207.

Rates of wages.

(2) The workmen, labourers, or servants employed in or about the construction and operation of each of the said railways shall be paid such rates of wages as may be currently payable to workmen, labourers or servants engaged in similar occupations in the district in which such railway is constructed and operated.

Board and
accommodation
for workmen.

(3) The workmen, labourers or servants employed in or about the construction of the said railways shall be charged fair and reasonable prices for any board, provisions, clothing and other necessities of life and reasonable comforts supplied by the company constructing such railway, its agents or any person or persons authorized by such company to supply such goods and accommodation; and

upon the breach of any of the provisions of this section or in the event of exorbitant charges being made by such company, its agents or other person or persons authorized by it, there may be deducted and retained from the cash subsidies or lands to be granted such amount of cash or land as the Lieutenant-Governor in Council may think proper.

(4) The Lieutenant-Governor in Council may instruct the secretary of the Provincial Board of Health to enforce such reasonable sanitary regulations on the works and in the camps connected therewith during the construction of the said railway as may be deemed necessary to maintain proper sanitary conditions and accommodation, and contractors shall have at each camp a tent and stove where in case of emergency a patient suffering from a contagious disease may be isolated at once, so as not to endanger the men in the camp. Sanitary regulations.

7. Suitable culverts and openings shall be made in water-courses and at other points where necessary to provide for the proper flow of surface water from adjacent lands; and wherever under any Provincial Acts for the drainage of farm lands it is found necessary to construct a culvert, or deepen or enlarge a culvert already made, each of the companies aided by this Act shall, as a condition upon which such subsidy is granted, with the approval of the Lieutenant-Governor in Council, be considered as "owner" of lands under the provisions of The Ditches and Watercourses Act and The Municipal Drainage Act. Drainage.

8. The provisions of section 2, chapter 35 of the Acts passed in the 52nd year of the reign of Her late Majesty, Queen Victoria, respecting the option of substituting half-yearly payments for forty years in lieu of a cash payment, and all the conditions provided by section 3 of the said Act not inconsistent with this Act shall apply to the grants of cash subsidies hereby made. Term and payment of cash subsidies.

9. If the Grand Trunk Pacific Railway Company fails to comply with any of the provisions of subsection 2, of section 14, or of section 19, of this Act, or if either of the companies to which aid is granted by this Act, fails to Penalty for default of companies in certain cases.

comply with any of the provisions contained in section 3 of this Act, the company so in default shall forfeit to His Majesty a sum not exceeding \$500 for every day during which such default continues, to be recovered at the suit of the Attorney-General who shall also be entitled to take proceedings by way of injunction to prevent the infringement of any of the provisions of this Act, or to enforce the performance thereof by the company.

Land grant to
G. T. P. Ry. ;
how lands to be
set apart.

10.—(1) With the approval of the Lieutenant-Governor in Council the said lands may be set apart for the said Grand Trunk Pacific Railway Company of Canada by the Commissioner of Crown Lands in alternate blocks of one or more but not exceeding three townships of six square miles each immediately adjoining the line of railway for the construction of which the said subsidy is granted but none of the lands so set apart shall be at a greater distance than eighteen miles from the said line of railway.

Withdrawal of
lands on line of
railway until
lands set apart.

(2) During the period of one year from the date of filing in the Department of Crown Lands of a map or plan showing the location of the said line of railway no lands shall be located, leased or sold within a distance of eighteen miles on either side of the said line of railway until the said blocks of land hereinbefore referred to have been set apart and determined, but this provision shall not affect the rights of persons coming within the class or description mentioned in subsection 1 of section 14 of this Act.

Survey of lands
set apart.

11. The unsurveyed lands to be granted to the said Grand Trunk Pacific Railway Company shall be surveyed by the Crown Lands Department and the plans and field notes thereof filed in the said Department; the surveys shall be in accordance with the system of surveys prescribed for the Crown Lands on the north shores of lakes Huron and Superior.

Grant may be
made as 10-mile
section completed

12. Upon the construction and completion of any section (not being less than ten miles in length) of the railway to which the said land grant applies so as to admit the regular running of trains thereon, and upon the furnishing such equip-

ment therefor as shall be required for traffic, the Lieutenant-Governor in Council, upon the request of the Company, shall grant to the said Company the lands applicable to such section according to the appropriation thereof made as hereinbefore provided, but subject to the provisions of this Act.

13.—(1) The lands hereinbefore set forth to be granted to the said Grand Trunk Pacific Railway Company shall be granted in fee simple, and such grant shall include all ores, mines and minerals, base and precious, and all powers, rights and privileges appertaining thereto, excepting those hereinafter expressly reserved.

Lands to be granted in fee simple and to include minerals.

(2) The lands so granted shall be subject to all the provisions of The Mines Act and to all regulations made or to be made thereunder, saving and excepting parts II and III thereof, and shall be subject also to any reservations heretofore made under The Act respecting Water Powers and any regulations passed thereunder.

Lands to be subject to Rev. Stat., c. 11, and to reservations under 31 V., c. 8.

(3) In the case of any lands which in the opinion of the Commissioner of Crown Lands are unfit for settlement, other lands may, at the option of the company, be set apart and substituted therefor, and the Lieutenant-Governor-in-Council may grant such other lands to the company in lieu of the lands for which they are substituted. The lands to be set apart and substituted shall be lands situate on or contiguous to the main line of the Eastern Division of the Grand Trunk Pacific Railway as finally located in the Districts of Thunder Bay and Algoma, and shall be so situated with reference to the said main line as are the lands set apart on the line aided by this Act.

Grant of other lands when lands set apart found unsuitable.

(4) All pine timber on lands granted to the said railway shall be reserved to the Crown and be the property of His Majesty, who may place the same under timber license and grant the licensees of the Crown the right to enter upon the lands, make roads and do all things necessary to the removal of the said pine timber. No lands granted to the railway valuable for the pine timber thereon shall be opened for sale or settlement until the assent of the Crown has been obtained. Where lands have been duly and legally settled upon, the settlers thereon

Pine.

Right to take
timber for
construction
purposes.

shall have the right to cut and use such pine timber as they may require for buildings and fencing on the land on which they are settled, and may also cut and dispose of all pine trees required to be removed in the actual clearing of their land for cultivation, but no pine trees (except for the necessary buildings and fencing as aforesaid) shall be cut beyond the limit of such actual clearing, and pine trees cut in the process of clearing) and disposed of shall be subject to the payment of the same dues as are at the time payable by the holders of licenses to cut timber or saw logs. But the company may from time to time cut and use such pine or other timber on lands situate within 18 miles of the line of railway and not under settlement or timber license as may be required for the construction of the railway or bridges thereon or such buildings as may be erected for construction purposes or as part of the undertaking of the company and the company shall as to the timber so cut be liable for the dues required of timber licensees under the regulations of the Crown Lands Department.

Lands already
settled, in blocks
set apart.

14—(1) Where a block of land allotted to the said Grand Trunk Pacific Railway Company includes within its limits lands located or claimed by settlers or others having any right or interest therein under any Act of this Province, either as purchasers from the Crown or as bona fide applicants therefor, the lands so settled upon, purchased or applied for shall not be included in the block of land allotted to such company, but such company shall be entitled to an equal acreage of other land in lieu thereof, and the said substituted lands may be set apart and allotted as provided in subsection 3 of section 13 of this Act.

Spruce and
minerals, etc.,
to be treated in
Canada.

(2) None of the spruce timber on the lands so granted to the Grand Trunk Pacific Railway Company shall be exported in an unmanufactured condition from Canada, but the same shall be made into pulp, paper or other finished or partially finished articles of commerce within Canada, and all patents of lands granted to the said company shall contain a condition that all ores, minerals and timber upon the said lands shall be subject to such regulations as to treating and refining the ores

and minerals and manufacturing the timber within Canada as may be applicable from time to time to other lands within the province under general law.

15. The said Grand Trunk Pacific Railway Company shall, Settlement—
Company to settle
at least 400 settlers
annually
for 10 years. in every year during a period of ten years from the first day of January, 1906, place upon its said lands or the lands of the Crown adjacent thereto, at least four hundred male settlers, each of whom shall build or have built for him^{self} or within one year of his being placed upon the said land a house of habitation at least sixteen feet by twenty feet and other necessary buildings, and who (in the case of settlers) shall also perform within the time specified in the said Act the settlement duties as to residence as required by the said Act required in order to obtain a patent of one hundred and sixty acres of land to the employees engaged in constructing the said line and artificers, operatives and other employees and settlers now residing in the said districts shall not be included in the designation "settlers;" but save as aforesaid regular employees of the said company and other artificers and operatives in the employment of any mining, industrial or manufacturing establishment in townships or municipalities in the District of Thunder Bay shall be included in the designation "settlers." Provided that every settler's son who is of the age of 16 years or over, and who resides with his father shall count as a settler within the meaning of this paragraph and the foregoing requirements as to the building of a separate house and other buildings shall not apply in the case of any such settler's son resident with his father.

16. The said line of the Grand Trunk Pacific Railway Line aid—
completion of to
intersection with
main line. Company aided by this Act shall be completed to the point of intersection with the main line of the eastern division of said railway not later than the date at which the construction of the said eastern division shall be completed from the westerly boundary of this Province to the said point of intersection.

Relief of lands
from certain
conditions on
company
furnishing security.

17. Upon the completion of any section of the said railway not being less than ten miles in length, the Lieutenant-Governor-in-Council, upon the application of the company and upon such company furnishing such security for compliance with the terms of sections 15 and 16 of this Act as may be approved of by the Lieutenant-Governor-in-Council, the Lieutenant-Governor-in-Council may declare that such lands, or any portion thereof, which may have been granted to such company under section 12, or other provisions of this Act, shall thereupon be vested in the company in fee simple and freed from the conditions set forth in section 15 of this Act.

Algoma land tax
not to apply.

18. The provisions of the Act chaptered 26 of the Revised Statutes of Ontario, 1897, shall not apply to any portion of the lands granted as aforesaid to the said Grand Trunk Pacific Railway Company.

Running powers
to other
companies.

19. The granting of such subsidy to the Grand Trunk Pacific Railway Company and the receipt thereof shall be subject to the conditions that the Lieutenant-Governor-in-Council may at all times require the said company to provide and secure to other railway companies, or any of them, empowered to enter into agreements in respect thereof such running powers, traffic arrangements and other rights over and in respect of the railway for the construction of which the said subsidy is granted as will afford to all such railways connecting with the line so subsidized, reasonable and proper traffic facilities in exercising such running powers, fair and reasonable traffic arrangements with connecting companies and equitable mileage rates between all such connecting railways. Provided, however, that the Grand Trunk Pacific Railway Company shall not be required to provide and secure such powers and rights to any one of the said companies unless and until such company so desiring such rights shall have first agreed in writing with the said Grand Trunk Pacific Railway Company to provide and secure to the said company such running powers, traffic arrangements and other rights over and in respect of any portions of such company's lines of railway so applying as the Lieutenant-Governor-

Provided

or-in-Council for Ontario may from time to time deem fair and proper so as to afford the said Grand Trunk Pacific Railway Company reasonable and proper facilities in exercising such running powers, fair and reasonable traffic arrangements and equitable mileage rates with such company.

20. The land grant aforesaid is made subject to the condition that the said Grand Trunk Pacific Railway Company shall not amalgamate with any other company, or lease or transfer the railway or its franchises, or make pooling arrangements as to rates for freight or other charges, or adopt any method for placing such railways under the management or control, in whole or in part, of any other railway or railways in any manner whatsoever, without the sanction of the Lieutenant-Governor-in-Council being first had and obtained.

Company not to amalgamate, etc., without consent of Government.

21. An agreement shall be entered into between His Majesty and the Grand Trunk Pacific Railway Company embodying the provisions of sections 3 and 20 of this Act, and in and by such agreement it shall be provided that such company will make an application to the Parliament of Canada for an Act to ratify and confirm and make binding upon the company and its assigns the provisions of such agreement including the provisions of this section and of section 3, and in the event of the company, prior to the passing of such an Act of Parliament of Canada, failing to comply with the provisions of such agreement including the provisions of this section and section 3, then any portion of the said subsidies then remaining ungranted may be withheld until the company complies with such provisions and secures the passing of the said Act of the Parliament of Canada.

Agreement to be entered into between company and Crown.

22. In case the Government of Canada shall at any time take over at a valuation the line of the Grand Trunk Pacific Railway Company mentioned in section 1 of this Act, the amount of cash subsidy and the amount or value of the land grant both mentioned in section 1 of this Act and which shall have been received by the said Grand Trunk Pacific Railway

Subsidy and value of land grant to be repaid in case Dominion Government purchase railway

Company shall be forthwith repaid by the said Grand Trunk Pacific Railway Company to the Treasurer of the Province of Ontario; and an agreement shall be entered into forthwith after the passing of this Act between His Majesty and the said Grand Trunk Pacific Railway Company embodying and providing for the carrying into execution the provisions of this section.

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4 EDWARD VII.

Chapter

An Act to Amend the Railway Act, 1903.

[Assented to

1903, c. 58.

In amendment of The Railway Act, 1903, His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Notwithstanding anything contained in The Railway Act, 1903, the Governor in Council shall have, and shall be deemed to have had since the date upon which the said Act came into force, power, authority and jurisdiction to sanction, confirm, rescind, change or vary, or to take other action upon, any report, order or decision of the Railway Committee of the Privy Council made before the said date under the Railway Act of 1888, or any Act in amendment thereof, in as full and ample a manner as if The Railway Act, 1903, had not been passed, or had not come into force, and as if the said Railway Act of 1888 and the said Acts in amendment thereof had not been repealed; and any order or decision so sanctioned or confirmed shall have the same validity, force and effect as if the said order or decision had been so sanctioned or confirmed prior to the passing of The Railway Act, 1903.

Orders of
Railway
Committee of
Privy Council
made under
former Acts.

2. The Railway Act, 1903, is amended by inserting after section 6 the following section:—

"6a. Notwithstanding anything in this Act or in any other Act, every railway, steam or electric street railway, and tramway, wholly situate within one province of

Provincial
Sunday
observance
laws to apply
to local
railways.

Canada, but, in its entirety or in part, declared by the Parliament of Canada to be a work for the general advantage of Canada, and every person employed thereon, in respect of such employment, and every person, company, corporation or municipality owning, controlling or operating it wholly or partly, in respect of such ownership, control or operation, shall, notwithstanding such declaration, be subject to any Act of the legislature of the province in which it is situate, prohibiting or regulating work, business or labour upon the first day of the week, commonly called Sunday, which is in force at the time of the passing of this Act; and every such Act is hereby, in so far as it is in other respects within the powers of the legislature, confirmed and ratified, and made as valid and effectual for the purposes of this section as if it had been duly enacted by the Parliament of Canada.

Confirmation
of provincial
law by
Governor in
Council.

" 2. The Governor in Council may at any time and from time to time by proclamation confirm, for the purposes of this section, any Act of the legislature of any province passed after the passing of this Act for the prohibition or regulation of work, business or labour upon the first day of the week, commonly called Sunday; and from and after the date of any such proclamation the Act thereby confirmed, in so far as it is in other respects within the powers of the legislature, shall for the purposes of this section be confirmed and ratified and made as valid and effectual as if it had been enacted by the Parliament of Canada; and, notwithstanding anything in this Act or in any other Act, every railway, steam or electric street railway, and tramway, wholly situate within such province, but declared by the Parliament of Canada to be, in its entirety or in part, a work for the general advantage of Canada, and every person employed thereon, in respect of such employment, and every person, company, corporation or municipality owning, controlling or operating it wholly or partly, in respect of such ownership, control or operation, shall thereafter, notwithstanding such declaration, be subject to the Act so confirmed in so far as that Act is otherwise *intra vires* of the legislature.

"3. This section shall not apply, so as to interfere with or affect through traffic thereon, to any railway or part of a railway which forms part of a continuous route or system operated between two or more provinces or between any province and a foreign country, or to any railway or part of a railway between any of the ports on the Great Lakes and such continuous route or system ; nor shall it apply to any railway or part of a railway which the Governor in Council, by proclamation, declares to be exempt from the provisions of this section."

Certain
railways
excepted.

3. In order to the ascertainment of the true net earnings of the Eastern Division of the Grand Trunk Pacific Railway for the purposes of the scheduled agreements referred to in the Act of the present session intituled "An Act to amend the National Transcontinental Railway Act," and in order to the ascertainment of the true net earnings of the Grand Trunk Railway Company, upon its system of railways at all times while the principal or interest of any bonds made by the said company and guaranteed by the Government are unpaid by the said company, the Board of Railway Commissioners of Canada shall, upon the request of the Minister of Railways and Canals, enquire into, hear and determine any question as to the apportionment of any through rate or rates between the Grand Trunk Pacific Railway Company and any other transportation company, whether such company is or is not a railway company, or, if a railway company, whether it is or is not as such subject to the legislative jurisdiction of the Parliament of Canada, for the purpose of determining whether such apportionment is just and reasonable, having due regard to the interests of the Government of Canada as owner of the said Eastern Division and of the Intercolonial Railway, or as guarantor of any such principal or interest, and to the provisions of The National Transcontinental Railway Act, and of the said Act of the present session, and of the said scheduled agreements,—which Acts and agreements are hereby declared to be part of the special Act of or respecting the

Ascertainment
of net
earnings of
Grand Trunk
Pacific Ry

Appeal to
Supreme
Court.

Majority of
directors of
subsidized
company to
be British
subjects.

Grand Trunk Pacific Railway Company within the meaning of paragraph (w) of section 2 of The Railway Act, 1903 ; and in any such case the fact that the Grand Trunk Pacific Railway Company has agreed to such apportionment shall be material evidence only and not conclusive ; and such net earnings shall then be ascertained upon the basis of the receipt by the Grand Trunk Pacific Railway Company of such share of such through rate or rates as, in the opinion of the said Board, that company should have received under a just and reasonable apportionment : Provided always, that either party to any such question may appeal from any such determination to the Supreme Court of Canada.

4. The majority of the directors of any company which has heretofore received, or hereafter receives, from the Government of Canada, under any Act of the Parliament of Canada, aid towards the construction of its railway or undertaking, or any part thereof, shall be British subjects : Provided that this section shall not, until the thirty-first day of January, one thousand nine hundred and five, apply to any company the majority of whose directors are not British subjects when this Act comes into force.